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ABSTRACT

This series of hearings, the second of three on welfare reform, focuses on the following legislation: (1) the Family Security Act (S. 1511); (2) child support enforcement bills (S. 1001 and S. 869); and (3) the Aid to Families with Dependent Children Employment and Training Reorganization Act. Among the speakers and witnesses were the following: (1) Lloyd Bentsen, Senator, Texas; (2) Barbara Mikulski, Senator, Maryland; (3) Terry Sanford, Senator, North Carolina; (4) Daniel J. Evans, Senator, Washington; (5) John G. Rowland, Congressman, Connecticut; (6) Jaime B. Fuster, Resident Commissioner, Puerto Rico; (7) Nancy Johnson, Congresswoman, Connecticut; (8) Bill Clinton, Governor, Arkansas; (9) Kevin B. Aslanian, Coalition of California Welfare Rights Organizations; (10) Stephen Heintz, Connecticut Department of Income Maintenance; (11) Marge Roukema, Congresswoman, New Jersey; (12) Linda A. Wilcox, Maine Department of Human Services; (13) Ann C. Helton, Maryland Department of Human Services; (14) Douglas G. Glasgow, National Urban League, Inc.; (15) Susan Rees, Coalition on Human Needs; (16) Arthur B. Keys and Ruth Flower, Interfaith Action for Economic Justice; and (17) Judith M. Gueron, Manpower Demonstration Research Corporation. Appended are the prepared statements of the witnesses, and other material submitted for the record. (BJV)

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S. Hrg. 100-450, Pt. 2

WELFARE REFORM

ED310225

HEARINGS

BEFORE THE

COMMITTEE ON FINANCE
UNITED STATES SENATE

ONE HUNDREDTH CONGRESS

FIRST SESSION

ON

S. 869, S. 1001, S. 1511

OCTOBER 14 AND 28, 1987

Part 2 of 3

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WELFARE REFORM

WEDNESDAY, OCTOBER 14, 1987

U.S. Senate,
Committee on Finance,
Washington, DC.

The Committee met, pursuant to notice, at 10:07 a.m. in Room SD-215, Dirksen Senate Office Building, Hon. Lloyd Bentsen (chairman) presiding.

Present: Senators Bentsen, Moynihan, and Durenberger.

[Prepared statements of the Senators and background information on the welfare reform bills before Congress appear in the appendix.]

[The press release announcing this hearing follows:]

[Press Release No. H-63, Sept. 23, 1987]

Finance Committee To Hold Second Hearing on Welfare Reform

Washington, DC.—Senator Lloyd Bentsen (D., Texas), Chairman, announced Wednesday that the Finance Committee will hold the second in a series of full Committee hearings on the subject of welfare reform.

The hearing is scheduled for Wednesday, October 14, 1987 at 10:00 a.m. in Room SD-215 of the Dirksen Senate Office Building.

"Welfare reform is one of the most important issues we face," Bentsen said. "Several specific proposals are now before the Congress. As we move forward with legislation, we will want to have the benefit of the views and knowledge of experts across the Nation."

The full Committee hearings build upon a series of seven Subcommittee hearings held earlier this year by the Subcommittee on Social Security and Family Policy, chaired by Senator Daniel Patrick Moynihan. Another full Committee hearing on welfare reform is expected to be scheduled later.

OPENING STATEMENT OF HON. LLOYD BENTSEN, A U.S. SENATOR FROM TEXAS, CHAIRMAN, SENATE COMMITTEE ON FINANCE

The Chairman. The hearing will come to order.

Good morning. Today's hearing is the second by the full Committee on Finance on the subject of welfare. This hearing should be especially helpful, because it provides the committee with the first opportunity to hear the views of witnesses on specific legislation.

We now have before us S. 1511, the Family Security Act, introduced by Senator Moynihan; S. 1001 and S. 869, child support enforcement bills introduced by Senators Bradley and Dole; and S. 1655, the AFDC Employment and Training Reorganization Act, introduced by Senator Dole, companion to a bill introduced in the House by Representative Michel. In addition, welfare reform legislation has recently been reported out by three House committees.

Earlier this year, the nation's governors issued a statement recommending that we "turn what is now primarily a payments system with a minor work component into a system that is first and foremost a jobs system, backed up by an income assistance component."

Now, that statement underscores a point on which most Americans agree—that welfare reform legislation must bring about a fundamentally new direction for the nation's welfare system.

We know from experience that this is going to be difficult to accomplish. In years past, the Congress has enacted other laws designed to achieve that same objective. I guess the most notable example I can think of is the WIN program. It started about 20 years ago, offering a generous open-ended entitlement funding for day care. I can remember I voted for Fritz Mondale's day care bill, which was a highly controversial bill at the time. But the WIN program had a wide array of education, employment, and training programs. The experts estimated that these programs would help large numbers of welfare recipients out of dependency.

Unfortunately, WIN never lived up to its promise. It was enacted at a time when the value of employment and training programs was seriously questioned. It had an administrative structure that was complex, and it lacked accountability. And neither the Administration, the Congress, nor the governors and state legislators were fully supportive of it. Since it lacked that kind of broad support, it was whittled away year by year, demoralizing recipients and administrators alike.

So, I think the lesson of WIN was costly, both in time and human resources, and we can't afford another 20-year digression.

What we need now is to fashion a firm and effective welfare structure, one that addresses the needs of all regions of this country of ours.

I believe that there is a consensus on two major elements included in the bill before us. One is that the Child Support Enforcement Program just has to be strengthened.

The second is that we must build a vastly improved program of education, employment, and training for welfare recipients. Enabling the parents of needy children to participate more fully in the economic life of the country is surely the most important task before us. And how we go about doing this will determine whether we initiate real reform, or just another program that later proves to be a disappointment.

Building a new program is a complex task about which there are many views, and we will hear some of them today. But I would like to take a minute or two to outline what I believe to be several fundamental principles for a successful new program.

First, we need a system of financing that is stable and sustainable, and that takes into consideration the fiscal capacity of both the Federal Government and the individual States.

Second, we need an administrative structure that builds on existing resources, encourages State and local initiative, and that can be accountable for success or failure.

Third, we need to establish an effective planning process, to assure the best use of limited resources, and to coordinate those training programs with available jobs in the community. Otherwise, it just doesn't make sense, and it's not effective.

Fourth, opportunities and obligations must go hand-in-hand. Programs must be perceived as fair, both by recipients and by the community at large.

Fifth, we need a program that is flexible. Recent research has given us some new insights into the value of employment and training programs for welfare recipients, but there is much yet to be learned. States must be able to adapt to changing situations and take advantage of new experience and knowledge.

And then there is one final observation I would like to make. This committee and others in the Congress are currently engaged in the process of budget reconciliation. We are being asked to make some very tough choices—raise taxes and cut spending, to reduce that deficit and promote a strong economy, without which any effort at welfare reform is going to fail.

Now, that painful budget process reminds us that we must choose our priorities with care. In welfare reform, as in every other area of national policy, we cannot do everything we would like to do.

Now, having sounded that cautionary note, let me say that I believe we can move forward, clear in our purpose of setting a new direction for welfare, and committed to make the long-term investment that is necessary if we are going to succeed.

We welcome our witnesses today. They are diverse in their perspectives, and they will surely enrich our understanding of the important issues before us.

With that, I would like to defer to my distinguished friend, the Senator from New York, who has been in the forefront of this fight for a number of years, whose expertise and knowledge of the subject I think is as good as anyone in the United States Congress. I yield to him.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, A U.S. SENATOR FROM NEW YORK

Senator **Moynihan**. Mr. Chairman, I would say no more than thank you for finding time for this hearing, when I think of the things that you have got to do. You are managing the Catastrophic Health Insurance Bill on the floor just now, you are reconciling the irreconcilable demands of the House and the Senate and the White House with respect to tax programs. The only thing you aren't working on is the space shot. And that is not being done.

The **Chairman**. I returned from that Monday, in Houston.

Senator **Moynihan**. You returned from that on Monday.

It is extraordinarily generous of you to find this time. We have one more of these hearings required before we might get a markup of some kind.

I just make this single pledge, that if ever there was a moment to direct this sometime widow's pension to job training and job entry, it is now. We have the best unemployment rates we have seen in years in this country.

We had Governor Kean speak to us a few months ago, and I would just read to you a passage, he said.

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> We haven't got any spare people anymore in our society, if we ever did. In my State we are going to create 600,000 jobs in the next decade. Many are going to have to be filled, really, by the women and the children who today are on the welfare rolls. If these people aren't qualified, the jobs are going to go elsewhere. In other words, if passion doesn't motivate us, then economic necessity will have to motivate us.

And for perhaps the first time in the history of the present-day social policy, the demographics are going with us. Between now and the year 2000, the number of persons between 18 and 24 dropped by a quarter in this country. So, as we start trying this effort, we have one demand, more jobs are opening, and fewer people are available for them. Things are kind of in sync.

Again, I thank you, and I look forward to our first distinguished witness, an eminent social scientist in her own right, and a person who has been there.

The CHAIRMAN. Thank you very much, Senator.

As I look at that first witness, I have rarely seen someone come to the Senate and move as quickly in being accepted by her peers. And that acceptance has turned to admiration. She is a person not just of compassion; she has a toughness about her. She is a realist, and she knows how to influence her colleagues. And we are here, ready to be subjected to that influence.

The distinguished Senator from Maryland, Senator Mikulski.

STATEMENT OF HON. BARBARA MIKULSKI, A U.S. SENATOR FROM MARYLAND

Senator MIKULSKI. Thank you, Senator Bentsen and the Senate Finance Committee, for the opportunity to testify this morning on the Family Security Act.

I would agree that this is a wonderful window of opportunity to reform the welfare system. And for those of us who pledge our support to bring about such a reform, we bring a great deal of experience. Certainly you, Senator Bentsen, in the years that you sat on the Finance Committee, from trying to fashion a day care policy back in the Mondale days, to the WIN program, to now, you know what works and what doesn't. Certainly Senator Moynihan, from his days as a scholar to a White House spokesman, to a member of the Senate, too, has studied these issues. We know what's effective, we know what is efficient, and we know how to separate out good intentions from good legislation.

And I think that the Family Security Act is that legislation. It is a significant step forward in addressing the welfare system. I am pleased to join as a cosponsor of this legislation, which has both bipartisan and bicameral support.

I want to commend you, Senator Bentsen, for your long interest in children and making sure that the welfare of children is ensured; and you, Senator Moynihan, for your deep commitment on this very difficult and important issue.

As the architect of this far-reaching proposal, Senator Moynihan has brought all of our attention and energies to bear on an issue which will determine the future of many Americans.

I am probably the only United States Senator to serve with a Masters Degree in Social Work, and I am probably the only United States Senator ever to have been a welfare worker and to have been out on those streets, in those neighborhoods, trying to help the poor help themselves, and, along with our colleague Jay Rockefeller, to have actually worked in the War on Poverty.

One of the reasons I went into social work was to try to help people, and one of the reasons I came into politics was to try to bring about institutional change. As a social worker, working in AFDC and other forms of welfare, I learned that what we needed was to change the system and to create opportunity structures.

We have known for some time that the welfare system needs to be reformed. The poor who endured it knew we needed reform, the social workers and administrators knew we needed reform, and certainly the taxpayers who paid for it knew we needed reform. And that's what this bill does. It meets the needs of the poor, it cuts out red tape, and adds local flexibility to help social welfare administrators be creative and be helpful, and at the same time it meets fiscal responsibility.

What I like about the bill is that it reaffirms parental responsibility, an affirmation that must be continually made, and at the same time, the bill creates a parental opportunity structure. It talks about people helping themselves, but it creates the resources for people to be able to help themselves—through training programs, transitional aspects of Medicaid and other supplements until the people are self-sufficient. And it is those other aspects that provide a safety net to people as they move out into the mainstream.

There are several areas I would hope the committee would explore as it considers this legislation. In doing so, I know you will look at the solutions proposed by our colleagues in the House. I make these suggestions mindful, like Senators Moynihan and Bentsen, that social reform is constrained by fiscal reality and our very difficult budget situation.

Some issues that require closer examination would be:

The adequacy of the transition benefits, which is a key element in the success of any program. We need to evaluate whether the 9-month cap on transition benefits currently in the bill is sufficient. It would be useful to explore different ways of targeting such benefits, if budget constraints limit movement in this area.

As Senator Moynihan has pointed out in his writings, that Medicaid transition benefits are the key issue for the majority of recipients. Single mothers must have access to medical care for their children.

Second, I hope the committee will consider being more specific about what the State's job training obligations should be. Remedial education, job search, and skills training are important, if not essential, elements of any jobs program. From being a welfare worker, I know the single mother on welfare can get off of welfare, and stay off, but she can't do it without her G.E.D. or getting job skills or training.

Third, child care. We need to look to the needs of workers between now and the twenty-first century, and that means child care must be provided. We cannot require a single parent to work without providing for the care of her children.

I also want to raise a concern about the waiver authority issue and underscore my concern about the mandated participation in the jobs program.

An important element of the Senate bill is the flexibility that it provides the States. I am a strong supporter of such flexibility. The Federal Government should set the standards, guaranteeing all of those who need assistance an even shot at getting it. But the adequacy of the system should not vary because of what State a person lives in. In considering whether to waive requirements in States for programs such as AFDC, child welfare, and child support enforcement programs, we need to insure against possible unintended negative consequences.

On mandated jobs programs, I long ago said that the best social program is a job, and we want to send the message out there to those who want to work that the right message is there is an opportunity to work, but let's not punish those who are unable to work.

Finally, as a dues-paying member of the National Association of Social Workers, I must make a plug about exploring a minimum benefit for recipients. AFDC and other federal programs produce benefits which vary dramatically from State to State—as much as $118 per month for a three-person family to $617 per month. If we can't set a floor for benefits, recognizing fiscal constraints and maybe resistance among the States, let us encourage States to increase benefits by perhaps adding some incentives.

Mr. Chairman, I want to thank you for the opportunity to talk about this important bill. This is the kind of bill that, when I worked in the neighborhoods and then went to graduate school taking courses in public policy, we dreamed about. This is the kind of bill that, when I joined the Legal Aid lawyers in Maryland, taking the Welfare Maximum case to the Supreme Court, we hoped one day we wouldn't have to rely on the courts but could turn to a legislative body. This is the kind of bill we have been waiting for, in my judgment, for over 50 years since AFDC was created. I am happy to be part of it and look forward to shaping it and passing it through the United States Senate.

The **CHAIRMAN**. Senator, that is a fine statement, and I do think it is a chance for a real breakthrough and a turnaround in getting people off of welfare to fill the productive role that the vast majority of them want to do. So, I am optimistic that we will be able to put it all together and put it into effective legislation, which is going to be a great benefit to our Nation.

Senator **MOYNIHAN**. Could I just thank Senator Mikulski? My God, when it comes to heavy lifting, we have got a champion here.

Senator, just to make a point, I wonder if you wouldn't agree that one of the events of recent years is the energy which we now see out in the State governments? You raised that nice point about waivers, and we absolutely agree with you, but the interesting thing is the number of States that really want to do things and think they can't.

I had a letter just the other day from an old colleague of yours, Don Frazer, now Mayor of Minneapolis, pointing out that in Minneapolis one-third of the school children are on welfare, and one-half of the school children in Minneapolis come from single-parent families. They have an interesting, complex set of ideas they would like to put in place if they can move this around a bit, that around a bit. And there is energy out there in the State and local governments that I don't think we have seen before. Wouldn't you agree?

Senator **Mikulski**. Absolutely, Senator Moynihan. What I think we have seen in the past has been a kind of grudging attitude of States towards AFDC. They had a Federal program which they had to implement, and in some ways provide certain maximum funds, and so on; and yet, it was a headache.

And then I think this new breed of governors, some of which we are actually going to hear from—Governor Dukakis and Governor Clinton—who really took a situation, took hold of it, and through creativity, through energy, through involving the private sector as well as the social welfare administrators, have come up with programs that have worked far beyond anyone's imagination. And also those programs have staying power.

One of the concerns I think we would share is the revolving door of past programs. Senator Bentsen talked about WIN. A woman might get a little training, move off of welfare, get a job, and then within 18 months she was back on welfare. That didn't serve the family, it didn't serve society.

Because of what the governors have done and the commitment the governors have made, people moving off of welfare have actually stayed off of welfare.

We heard a case over in the Labor Committee where some women who actually moved off of welfare, because of trades and skills they had learned, were actually starting some small businesses on the side.

Senator **Moynihan**. Great. Thank you so much.

Senator **Mikulski**. Thank you.

The **Chairman**. Let me ask you one more question.

To what extent do you think these young mothers should participate in an educational program, where they haven't completed high school? I notice the House Republican bill requires participation by mothers of children aged 6 months and above, and Senator Moynihan's bill requires participation by mothers of children aged 3 and above.

Senator **Moynihan**. That is an option, if you want it.

The **Chairman**. To what extent do you think we should ask mothers to participate in that kind of an educational program? Which age do you think we ought to recommend?

Senator **Mikulski**. Well, I think I support the Moynihan concept, for several reasons:

Number one, some of the mothers are children themselves, Senator Bentsen. They might be in their late teens. They themselves are in the process of finishing high school or need also some more skills in parenting, and so on.

The other is, the Moynihan Bill doesn't put the same amount of pressure on limited day care resources. As you know, when you take a look at the legislation, the provision of day care and the adequate funding of such is probably one of the more difficult parts of the legislation. I believe the House bill guarantees, we assure. And I think one of the reasons you added the flexible language was, how much day care do we have, and how could we afford to pay for it? Whereas, by starting at three, you take the pressure off the family day care, and you have more of an opportunity that day care will be available when the mother moves off. That, to me, is that; as well as the fact that, as I said, some of those mothers are very young themselves.

The CHAIRMAN. Thank you very much, Senator. We appreciate your comments.

Senator MIKULSKI. Thank you.

[The prepared statement of Senator Mikulski appears in the appendix.]

The CHAIRMAN. Our next witness will be Senator Sanford.

We are very pleased to have you here, Senator. As a Governor, you had an outstanding record and great concern for education and for working to find productive employment for people on welfare.

Now you are making a major contribution to the U.S. Senate. We are very pleased to have you, Senator.

STATEMENT OF HON. TERRY SANFORD, A U.S. SENATOR FROM NORTH CAROLINA

Senator SANFORD. Thank you very much, Mr. Chairman.

I certainly am cheered to know that you have chosen to take on this task. Because of your vision and your many contributions, I see now the possibility of our realizing some of the things we hoped for years could be achieved, and I am so pleased that this falls now within the scope of your official duties as well as your long-time interest in improving this situation.

I know all of us thank Senator Moynihan for his quarter of a century devotion to doing something about this, from the Kennedy years to the Nixon years to all of his work in and out of academe, and now in a position to bring together these ideas and in a position to carry it forward.

I am delighted to be associated with both of you, as we attempt now to make this very substantial turnaround.

The current welfare system does not work as well as it should. We all know that. For so many on welfare today, it is degrading, causing a deterioration of the human spirit, because it destroys the sense of purpose and meaning of life and living. It is not in the nature of the human spirit to be satisfied with living on the dole. We no longer can lock people into a welfare way of life that destroys the sense of purpose and the meaning of life and living. Instead of a welfare check, it is far better that we take by the hand those who have not been able to cope with the system, to counsel and advise and lead them through additional training and education, and find them some useful work, getting them situated where they can give something to society by using their minds and hands, and where they can get something from society in pay for work done and satisfaction for a life well spent.

I am not so much worried by welfare cheaters as I am by the lack of vision that has cheated the taxpayers out of their money and cheated welfare recipients out of their lives.

We need a new approach that says people are more important than programs, that opportunity and a chance in life are more important than being on the dole. It is time to bring the welfare era to an end. It is time to give people, all people, their place in the American promise. Education, training, and jobs is the course on which we should set our nation.

I began by saying that reform is long overdue. To dramatize this, I should point out that everything I have said so far was taken from a speech I made over in Baltimore in 1975. Reform was overdue then, as both of you know, and it is even more important today that we get on with this dramatic change in the direction of our welfare efforts.

I think this bill offers real reform. It emphasizes education and training and jobs, as well as the necessary support services, and the absolutely fundamental support service of child care. It is a good bill.

I might make a few suggestions, not to even hint that we ought to slow up or wait for perfection. This bill doesn't just tinker with the problem; it gets to the real solution of it.

Education has got to be a fundamental part of welfare reform. This bill now requires that welfare parents return to school if they are 22 years of age or younger and have not earned a high school diploma. I wouldn't mind just taking that requirement out; no matter what the parent's age we ought to have the door open for them to return to school and to get the kind of education that will help them then make something of their lives, no matter how late the start. The opportunities are so much greater for someone who has got the equivalent of a high school education, and I don't know that I would draw the line precisely at high school.

And then, as I have already suggested, a limited number of demonstration projects under Title VI is a very good idea. I would like to see that number increased at both the State and local level, because much of today's innovation is developed at the State and local level.

You spoke of the energy that is now out in the nation, directed at this problem—the energy, the determination. I have seen, as you have, a complete turnaround in the attitude of the professionals, who for long years used their position as a paternalistic position. And that was the concept of welfare for at least the first 30 or 40 years. Now we have seen that change, but we have also seen the energy coming up in the federal system, through local communities, and through the States, the kind of energy that gives us the chance at innovation, and we don't have to do everything alike everywhere in this country. That is a concept of this bill: we can do it in different ways, with demonstration projects.

I would like to put into the record two North Carolina examples of this kind of creativity, and an indication that creativity doesn't mean finding ways to spend more money—frequently it means finding ways to make money go further or to save money.

In Charlotte, the business community formed a partnership with Mecklenburg County, with the social services, to provide child care for children of welfare mothers who wanted to work. They would provide the jobs, but they had to have child care. $600,000 was put up immediately, $300,000 from the county in county funds and $300,000 from the private sector, to begin what they called a day care recycling program that would allow mothers the opportunity to work. This approach, the recycling concept, would allow the welfare mother to recycle into child care services a portion of her welfare benefit, which she would no longer receive if she were employed. The jobs were available, welfare mothers were eager to fill them, and employers were eager to hire them.

For most of these women with small children, only access to child care stood in the way of their making something of their lives. Well, because the Department of Health and Human Services has been reluctant to grant Mecklenburg County a waiver to divert a portion of the basic AFDC benefit into child care when a welfare mother accepts employment, backed up by this recycling fund, that community still hasn't put that recycling program into effect. The $600,000 start-up money is drawing interest in the bank, and we are pushing for approval here.

But that is a good example of local initiative, of local cooperation, finding a way that is going to save taxpayers money.

In Guilford County, North Carolina, there is an interest in creating a quality child care program similar to Head Start. We know Head Start works. We know that the children who have gone through the Head Start program are less likely to drop out of school—we have already demonstrated that—are more likely to graduate from high school, are more likely to continue beyond high school. And we know that Head Start students are more likely to become employed and less likely to end up on public assistance. We know this, and we have for a long time. And yet, the Head Start program serves less than 20 percent of those eligible.

Now, there is an interest in Guilford County to do something about this. They are attempting to find local ways and local contributions. They want to make the Head Start program 100-percent available, or at least a similar program for children not quite ready for that in terms of age.

I think State and local demonstration projects are very important in shaping the future of our welfare system. That is where we are going to get the new ideas, and the new interest, and the new energy, the innovative approaches to change.

So, coming out of this committee, encouraged by the terms of this bill, I think we are going to see that kind of new energy and innovation reflected all over the country, with far-reaching effects—not just another federal program.

I thank you for giving me an opportunity to say something about my great faith in what you are doing in this committee. I am delighted to see this progress made, and I volunteer to help in any way I can.

The **CHAIRMAN**. Well, thank you, Senator; that is good testimony for us.

Let me ask your counsel on this: If we put in a new education and training program, there is a lot of concern across the nation, and Senator Mikulski referred to it in part, that you will not get the same kind of effort in all areas because of high unemployment and other serious economic problems.

I can think of my own State, as an example, today. I can look at Louisiana, Oklahoma, the energy-producing States, and then I can look at some of those agricultural States up there through the Middle West, that are really having an extremely difficult problem.

What thoughts do you have in regard to trying to get some uniformity of effort, uniformity of availability, of that kind of educational and training program for people on welfare, to try to help them get off?

Senator SANFORD. Meaning that there might not be jobs out there, or there might not be opportunities?

The CHAIRMAN. There may not be jobs out there, and if you have severe economic problems within a State, there may be problems as far as State support.

Senator SANFORD. And where is your incentive?

Well, you and I came through a period of time in the development of this country, especially in the development of the South, when we were living in poverty. And a great many people then said the answer to poverty is education. And then we said, "Well, how can we educate people when we are living in poverty? Where do we get the money?" And we demonstrated, I think, in State after State, and I know in North Carolina, that you just have to do it, and indeed it does pay off. And the more educated people you have, the more jobs are going to be created; the larger pool of educated people that you have, the more industry is going to not only be attracted but is going to spring up locally.

It is just an element of faith, I think—it has to be. And wherever we have to dig out of a situation, as with the appalling statistics that you gave about Minneapolis, whenever we need to dig out, I think the best investment is education, because educated people can't be limited, they are going to move on, and that just has to be our faith.

My sense of the Governors I know and the State governments that I am familiar with—and it is something that I have followed very closely for 25 years—is that they know that. I think Governor Clinton will talk about that.

We believe out in the country that education is the greatest answer to the future. So I would just have faith that we would buckle down and do it.

The CHAIRMAN. Thank you, Senator.

Senator Moynihan?

Senator MOYNIHAN. I think, Senator Sanford, with the energies that are developing around the country—the Charlotte/Mecklenburg example—Washington has become the problem. The idea that they wouldn't give you a waiver, a self-evident effort to do what we ought to be doing, finding work for women who want it, and child care in order that they can do it. And you can't get it through downtown. That is what our waiver section is.

And in that Title VI, we have included specific demonstration provisions for Maine, Minnesota, New York, and other States whose officials asked us to give them greater flexibility. I know out in Washington, I think Governor Evans is going to talk about something they would like to begin right away, in the expectation that we might get this legislation quicker than some people think, we would be happy to put any demonstration authority you want in Title VI.

Senator SANFORD. Well, I think it is a broad question. Senator Mikulski pointed out that there is a certain danger that too many waivers or too much flexibility could lead to some State deciding that this is not important, that we have to have national goals, and we have to outline the importance of people receiving what they need to receive under this new concept, and that therefore we ought to approach waivers with a certain degree of caution. But I think that we need to open up that section; I think we ought to anticipate the Mecklenburg Counties all across this country coming up with ideas, and we ought not to block out with a limited number of waivers available.

It would seem to me that, with good administration, every waiver requested would have to be examined; but nonetheless, almost every waiver requested would improve the system.

That was the only thing that I suggested earlier to you, that I thought maybe we ought to open that up a little more, so that we wouldn't have to list specifically Mecklenburg County but we would have the door open for all of the Mecklenburg Counties.

Senator **MOYNIHAN**. I much agree, sir. And may I just say I think you and I would know why that waiver doesn't get through HHS downtown. They are saying, "You can't help Charlotte/Mecklenburg," and my feeling is that you can.

Senator **SANFORD**. This bill is just limited to welfare reform. There are some other reforms that are needed in the country, too, and downtown is one of them.

The **CHAIRMAN**. Thank you very much, Senator.

Senator **SANFORD**. Thank you.

[The prepared statement of Senator Sanford appears in the appendix.]

The **CHAIRMAN**. Our next witness will be Senator Daniel Evans, the distinguished Senator from the State of Washington, former Governor of the State of Washington, a man who has played a leading role in the concerns of trying to get people off of welfare and to do so by a means that is not an undue economic burden to the community or to the State.

Senator Evans, we are delighted to have you here.

STATEMENT OF HON. DANIEL J. EVANS, A U.S. SENATOR FROM WASHINGTON

Senator **EVANS**. Thank you, Mr. Chairman. I will try to abbreviate my written statement and ask that the full statement be included in the record.

The **CHAIRMAN**. That will be done.

Senator **EVANS**. Mr. Chairman, I am delighted to have this opportunity to testify before this committee on a matter of such extraordinary importance to the nation.

Reform of our federal welfare system is long overdue, and I suspect that statement has been made by previous witnesses, in previous years, in front of previous committees for as long as any of us can remember. But I think they have made those statements because welfare programs nationwide are failing to help the very people they were intended to serve.

Hard-core poverty and long-term unemployment persists. Too many of our children confront a world of limited hope and opportunity. When a recent study by the American Enterprise Institute reports that between 35 and 40 percent of the nation's poor in the mid-1980s were children, and their caretakers in families headed by women, something is wrong.

Millions of our citizens are functionally illiterate. A government such as ours, premised on equity and fairness and ensuring that all of our citizens share in prosperity, cannot and must not tolerate the ill effects of our existing welfare system.

I really do commend this committee, and particularly the distinguished Senator from New York, for the enthusiasm with which we are moving ahead on welfare reform. It is important. It is long past due to bring this issue back to center stage in domestic policy debate.

Mr. Chairman, today I would like to comment on three areas which I think are important in the crafting of this particular legislative reform package.

Always we have got to consider the framework within which welfare reform must take place; namely, a strong and cooperative Federal-State partnership—I should say Federal, State, and local partnership. Although most of the welfare responsibilities are at the State level, certainly in some States the cities have a large role to play.

Secondly, I think we ought to recognize the current efforts by States to develop and implement welfare demonstration projects. I have always been a believer, certainly as a Governor and with equal enthusiasm now as a Senator, in the ingenuity and ability of our States to handle problems, given the opportunity, and handle them perhaps in different ways. But, in doing so, they can give us a lot of information about what works best and what, then, is worthwhile to take on as national policy.

So, with that, let me say that I was an original cosponsor, and proud to be, of S. 1511. I strongly endorse the major elements of this package. For example, it requires all States to join the 26 States already participating in the AFDC Unemployed Parent program. I can't think of anything more important to keep families together.

We had some extraordinary results in first having and then denying a program in the State of Washington. We discontinued the AFDC/UP Program in February 1981. In the next 17 months, in just 17 months, 38 percent of former AFDC/UP families became eligible for regular AFDC benefits, in almost all instances because there were no longer two parents in the home.

The CHAIRMAN. Would you repeat that?

Senator EVANS. We discontinued our AFDC Unemployed Parent program, which would have given benefits to those families in which there were two parents in the home. They did it in February 1981 because of fiscal stringencies. And in the next 17 months, 38 percent of those families who had been drawing the AFDC/UP program, shifted to regular AFDC benefits where the eligibility was for only a single parent. So, these 38 percent, for the most part, had been families which had broken up, very likely, in most instances, simply because the need was there to support the family, and the children especially, and they no longer were eligible for governmental help.

That is anti-family, it is anti-children, and it seems to me it is the worst kind of direction we can take, the worst kind of discrimination we can make in this country. And I think this is a critical and an important part of this legislation.

Along with this provision, I think the strengthening of child support enforcement laws, and enhancing work and training opportunities, the child care, and assistance for transportation costs are all important and desirable standards which we ought to endorse.

But there are other provisions which I would like to see addressed by S. 1511.

I think at some point, Mr. Chairman, we simply have to consider the inclusion of some type of national minimum benefit standard. The national disparity between States is disgraceful. Such grants vary up to 500 percent between the most generous and the least generous of States. But to be poor and hungry in New York is not much different than to being poor and hungry in Missouri or Texas or Washington or any other place in the country.

To eliminate these inequities, I believe we should work hard toward establishing national minimum benefit standards and levels in both the AFDC and Medicaid programs. Ultimately, this national benefit floor should be established at somewhere between 75 and 90 percent of poverty-level income. I fully recognize, however, that we "maybe" do not have the opportunity in today's budgetary world to accomplish this proposal. But I say "maybe," because I believe, at least as an alternative, that we should add to this legislation a provision calling on the National Academy of Sciences to complete a comprehensive evaluation of the minimum benefit proposal.

This study could include assessments of how to establish performance standards, the State impact, other implementation issues. I understand a similar provision is in the House bill. And I would urge that this be done. In fact, I would urge that this study be expanded beyond the House proposal, to give us an opportunity to look seriously at what I have introduced as a Federalism proposal; to really look at what responsibilities are and should be at the federal level; what are and should be at State and local levels. And how, by sorting things out, we can really take care of a national safety net for all of our poor, and do it in a way that won't break the Federal bank. And I think that can be done.

Second, Mr. Chairman, I would suggest that the waiver requests which have been set forward for demonstration projects are highly desirable. They will give us a good deal of information from States that are able and willing to move ahead.

Washington State's waiver request is far along. It has already achieved legislative approval in the Washington State legislature for a dramatic new approach to welfare. The AFDC portion, I understand, has been included in S. 1511. I would urge that this provision be expanded to include Medicaid, which is an integral part of our whole welfare program and, I believe, would make our ability to provide a good demonstration that much better. It is a five-year demonstration project as an alternative to the current AFDC program. It is a work and training intensive project, aimed at enhancing job skills for welfare recipients. In my view, and I believe I am correct, it is probably the most developed of all the State waiver proposals now in front of the Congress. And if S. 1511 doesn't move in this session of Congress—I would hope that it would, but if it does not—I would hope that some point before we adjourn we are able to at least attach that waiver proposal on some legislation, because the legislature and the Governor are prepared to move in January of 1988. And I don't think we ought to delay that opportunity to learn a good deal from this proposal.

Finally, Mr. Chairman, we do need to reform our federal quality control program. But our efforts to reform our whole system will be futile if we are unable to ensure that States have the necessary resources and capabilities to carry out these new proposals.

The existing quality control programs for AFDC, Medicaid, and Food Stamps, if left unchanged, will prevent States from moving forward. They are atrocious programs, in terms of the aim toward penalty, with the lack of incentive. Huge fiscal penalties have been levied against virtually all States in the nation for so-called "excessive error rates" in program administration.

During the last session of Congress we recognized the serious flaws in federal quality control and commissioned a study by the National Academy of Sciences to explore reform alternatives. Although the study has not yet been completed, we have some initial information that indicates clearly that our current program is off base, that we need to have new direction, that we need to move strongly toward incentives and away from inordinat penalties. And I believe that, while the current moratorium in the AFDC program will expire in July 1988, I strongly urge the committee to include a provision extending the moratorium to Medicaid and making both long enough so we have an opportunity to finish these studies and to implement the necessary corrections.

Anytime you have a program where 49 out of the 50 States are under sanction in one or another of these quality control programs because of excessive error rates, that indicates clearly to me not that 49 out of 50 States are incompetent in their administration but that the system itself is giving us the wrong answers.

We now have over a billion dollars in fines levied against 49 of the 50 States of this nation. That billion dollars, if collected, comes right out of the opportunities to build better systems, and right out of the opportunities to do a better job in handling the new responsibilities which are likely to fall to States if we move ahead on this very important welfare program.

In conclusion, Mr. Chairman, S. 1511 I look on as an important first step in building a strong and secure safety net for all of our citizens. But as we move ahead, we should keep in mind the critical next steps in this continuum. They require a determination of how the Federal Government will finance its increased role in providing a more secure safety net. We must begin the important task of sorting out and returning to State and local governments programs and responsibilities they can operate more efficiently and more effectively.

The legislation I introduced earlier this year, S. 862, I believe offers such a concept. And a more secure safety net can be achieved by gradually terminating federal responsibilities for a variety of intergovernmental programs that can be operated better by State and local governments; and in turn, we, then, would have the resources to assume a broad safety net of proportions that would aid—really aid—the citizens of our country who need help and give them the opportunity to work back to a position of true independence.

As a Nation, we cannot afford to continue proposing reform and always falling short. The mood in Congress and throughout the Nation I believe is receptive to change. If we are clever and prudent, we can make the necessary changes proposed by Senator Moynihan and others and add to it, and make this really an important first step in what must be a continuing effort to finally remove from the backs of this nation the continued olague of poverty.

Thank you, Mr. Chairman.

The **Chairman**. Senator Evans, I think that testimony is helpful, and particulary so because of your experience as the Governor and as chief executive of the State that has been in the forefront of trying to make this system work, insofar as welfare reform and getting people off the welfare rolls in productive roles. I am delighted to have your testimony.

I defer to Senator Moynihan.

Senator **Moynihan**. Mr. Chairman, Governor Evans—Senator Evans—made a number of very powerful points. The first are the striking statistics about what happens to AFDC/UP families when that option is taken away. But there is a correspondence between the Washington data and the Missouri data; they are in the same range of experience. You always feel you know something there.

David Broder writes this in his column this morning in the Washington Post, and he notes, and it is hard to understand, that the White House, which is trying to work with us, opposes more than anyone thinks our provision in this legislation, which is the most costly, that extends this program nationwide. We should have done it in 1962 when we adopted it. Twenty-six States have it now.

The White House writes, and Broder comments, "the distorted view that this simply would be 'increasing the welfare load.' " Well, to the contrary, it is just the opposite, as I think we at least have your experience and Missouri's to tell.

Senator **Evans**. I concede to the Senator from New York that I am absolutely convinced, from my own experience and I think from just pure logic, that you are likely to save rather than spend money by opening up or ensuring that there are opportunities for poor families headed by two parents to draw help for the time they need it.

We found, during the time I was Governor, we had some pretty tough times, also. We went through an aerospace recession where unemployment went to 13 percent State-wide, but we maintained to the maximum degree we could that Unemployed Parents program. It is an important one, and we found that they were the first families off welfare, as soon as there was opportunity, as soon as there was education. They tended to be temporarily in trouble; but if you force them in order to feed their children and to maintain a family, which they care about every much, to split up and to have one parent leave the home, you are almost by definition ensuring that that that is left will remain on welfare much longer.

I frankly cannot understand the logic of those who would assume that it would increase welfare costs. I think quite the contrary.

Senator Moynihan. On the subject of a national minimum, true, we should move in that direction. Yes, I think that is a first-rate idea, the National Academy of Sciences study, and we can work on that.

May I make the point that, while we have spent lots of time talking about the disparities in the nation—and clearly, they are there—not perhaps enough attention has been made to the fact that the provision for children under AFDC, has in constant dollars dropped by one-third since 1970 in the median state. The only people in the Social Security System, the only citizens who we have cut.

In my City of New York, the provision for children—you know, Canadian forest's perish every year, in order that New Yorkers can proclaim their concern for the poor in print—and it goes on and on, indefinitely—and yet the provision for the poor, the children, has been cut almost 40 percent since 1970. And 45 percent of the children entering our school system are on welfare, and we give them half as much to eat. It wasn't that good in 1970, but it was almost double what it is now. It doesn't speak well of our attention to matters that we let this happen to children.

Senator Evans. If I could interrupt at that point—and I am certain, during all of those years, we have not cut by one dollar the COLAs for the very wealthiest of our Social Security recipiemts.

Senator Moynahan. No, nor anyone else.

Senator Evans. Nor anyone else.

Senator Moynihan. Yes.

Could I just say, if we can't get the Washington program, if we aren't moving in the sense that we ought to or could, I think you are right, that we should find a vehicle to put it on, because the States want to do these things.

Senator Evans. Surely. And I think that they are prepared. It is hard enough—I know from serving in both the Legislative and Executive Branches of the Government—it is hard enough to get an executive and a legislative branch together on a program that represents a very big change from current policy. But I think the Governor has had remarkable success in Washington State in thinking through a program and gaining legislative support, and now having all of the laws passed at the legislative level, the State level, required to embark on this brand new program. And I think it would be a no-cost investment by the Federal Government in learning something that might be of great use to us in designing national programs.

Senator Moynihan. I would just finally say that your moratorium point is so clear. I am happy to be a cosponsor. And Mr. Chairman, if we could include this in this legislation, I think it is in order.

Thank you very much, Senator.

The Chairman. And I must say, Senator, your comment about the entitlement programs not being cut, and often for the more wealthy, that is true, but children don't vote, and that is part of the problem.

Senator Evans. They will someday.

The Chairman. You bet. But todays politician figures he will be long gone by that time.

I know I rarely try to intervene in those things in the State legislature—I have learned better. But in the last session, when it came to the question of children and what happened there in the way of health care, I chose to intervene. We were able to make some headway in that regard. But it is a tough fight in every State to see that we get the proper care for our children.

Senator **Evans**. It is, indeed.

The **Chairman**. Thank you very much.

Senator **Evans**. Thank you, Senator.

[The prepared statement of Senator Evans appears in the appendix.]

The **Chairman**. Our next witness will be the Honorable John G. Rowland, a United States Congressman from the State of Connecticut.

Congressman Rowland, we are pleased to have you.

STATEMENT OF HON. JOHN G. ROWLAND, A U.S. CONGRESSMAN FROM THE STATE OF CONNECTICUT

Congressman **Rowland**. Thank you very much, Mr. Chairman.

You have my written statement. What I would like to do is summarize and make a few remarks about welfare reform proposals that are before us, both in the Senate and in the House.

I especially want to congratulate you and thank you, along with Senator Moynihan, for conducting this hearing and airing some of the views and some of the differences that might be out there. I want to commend you for taking that initiative.

It is indeed one of the most important pieces of legislation that we will be discussing this year. And I think if you look back over past campaigns and past discussions by so many people over the years, everyone is in favor of welfare reform. But it has been quite a time since we have actually sat down and put a piece of legislation together and addressed some of the real problems that are out there.

I would like to state at the outset that I support your plan and your idea to go with the Welfare Reform Plan, whether it is in the Senate or the House as a freestanding bill. We have had some rather harsh discussions in the House about whether this bill is going to be freestanding or whether it is going to be included in Reconciliation.

I can also tell you that over the last three or four weeks in the House we have not done a lot of business. As a matter of fact, if you look back to the last three or four weeks, we have passed probably about six substantive bills and the rest of the time we have been more or less sitting around and not doing much other business.

Senator **Moynihan**. Mr. Rowland, would you like to know what we do in the Senate? (Laughter.)

Congressman **Rowland**. Well, I was going to leave that alone, Senator, but perhaps you can tell us later on. I was just going to pick on the House for a few moments.

The **Chairman**. All right. Fine.

Congressman **Rowland**. But indeed, we have passed some appropriations bills, yes, in comparison to what has happened in the Senate—but I won't touch that.

We have indeed spent a lot of time sitting around when we could be debating welfare reform. There are many of us who are very frustrated that have been working on a task force that we have been very involved in. We have spent many, many hours within our own Republican Caucus discussing some of the provisions and coming to agreement.

I was the original proponent of the GROW Proposal which the Administration put forward and I've got to tell you that this Administration, working with my friends in the Republican Conference, liberals and conservatives, have come to great agreement and we have had to come to great compromise.

So, I hope you will move forward with your proposal as a freestanding proposal.

As the debate continues I would strongly urge you to consider the proposal that we have—we call it H.R. 3200, the AFDC Employment and Training Reorganization Act of 1987, sponsored by the Republican Leader. As of today, we have about 114 cosponsors. And as I said earlier the bill was developed by a House Republican task force headed up by Congressman Hank Brown of Colorado and we believe that it presents real reform. It has got a lot of outstanding features and I would like to take a few moments to outline some of those.

Number one, the biggest fault I see with the Democrat proposal that is in the House is that it is a large welfare increase while at the same time it has no mandatory participation. So I think the rational, logical question that we must pose is: If we give a welfare increase to welfare recipients are we then taking away any incentive to go out and work? And I think that has got to be addressed.

I think we need to carefully walk through some of the transitions. I think we are all very naive if we believe at some point in the future welfare recipients are going to wake up and all of a sudden begin working. That is not going to happen. And I think, Senator Moynihan, many of the components of your bill address that issue.

I think that there has been too much rhetoric over the years as to the fact that welfare recipients aren't working and "there are plenty of opportunities out there." Well, there are not plenty of opportunities. And if you look especially at the AFDC recipient, we have got to look at hard reality. Reality is, for that AFDC recipient, she probably has not finished high school, probably has one or two children. And for us to believe that this gal at some particular point in her life is all of a sudden going to start working is unrealistic.

We propose some long-term strategy in the House Republican plan. We look at that long-term problem. And so we address education. And again, the cornerstone of the House Republican plan is participation, mandatory participation. I think that is where our plans may separate along the way. We want to see a goal-oriented participation plan.

What we do is we turn to those AFDC recipients and we talk about education; we talk about investment in transition; we go after those AFDC recipients in the hopes that they will finish, for example, high school or that they will get involved in some work-training program. And we require, over a 3-year period, almost 80 percent participation by those AFDC recipients.

No one is going to hire a young gal or a young guy, for that matter, if they haven't had at least a high school education.

We also, in the transition process offer some child care programs. It is naive of us, again, to believe that the woman who is on AFDC with one or two or three children is going to be able to automatically start going to school without some child care support and transportation.

So, I think we have come a long way, as Republicans who I think are probably criticized as being "hard-nosed" on welfare, because we offer some real transition guidelines without payback. We offer to the AFDC recipient an opportunity to finish their education, the realistic problem that we are facing in the welfare situation.

We turn to the rest of the AFDC recipients and others on welfare, and the participation schedule that we put forward is not too strict but it is reasonable. Over a 9-year period we hope that there will be participation in either work, work-study programs, or educational programs. And that scale ranges from some 15 percent up to approximately 70 percent.

And again the transition guidelines that you present, Senator Moynihan, some of the child-support programs, all of those features are excellent.

What I hope will happen somewhere along the way is that your proposal will move forward through the Senate and the House Republican proposal will move forward through the House.

The Democrat Plan, for example, costs almost $6 billion in welfare increases alone and I find it hard to believe that it is going to garner a great deal of support. The House Democrat Plan, H.R. 1720, is referred to as "Network." I would facetiously refer to it as "No Work," because, again, that benefit increase is going to act as a disincentive to people to go out and work.

In essence what the Democrat Plan in the House is saying is: "We will give you a benefit increase. We are not going to mandate that you work, but we hope that you will go out and work." And that is not going to happen; it is simply not realistic.

I think we need to look at the bottom line, the results. What are the projections of what is going to happen in the future?

CBO makes a number of estimates as to the number of people that will participate in the program. I know, for example in your bill, Senator, the participation is estimated by CBO over 5 years, I think, to be some 86,000 participants. I believe that the House Democrat Bill over 5 years has an estimate of about 365,000 participants. And our House Republican Bill, H.R. 3200, has an estimated 935,000 participants—an extraordinary amount of participation. And the reason for that, quite frankly, is that we mandate those percentages.

We are willing to work with the Senate. We are willing to work with the many good provisions that have pressed forward. And with all of the good elements that are out there, I think we can come to some excellent compromises.

I cannot speak for my Republican leadership but I can tell you that we are very encouraged, that we are very excited about this happening, that we want to move forward. And I think, again, the key element is a freestanding bill. Many of us are also realists and think that this may not happen this year for a number of other reasons and that we need to move into next year. But I hope that we keep the ball rolling because we have talked about this, we have all written articles about this. I don't think any member of Congress hasn't talked about welfare reform in a campaign or a newsletter and I think now it is quickly becoming time to fish or cut bait.

So I want to give you the encouragement of the Republican leadership and many people that have been involved in the issue—114 cosponsors—to push forward and push on, to bring together some of the transition, the realities of the welfare system, and I hope you will encompass some of the participation schedule that we have been making reference to.

At this point I would like to conclude my formal remarks and entertain any questions or thoughts you might have.

The CHAIRMAN. Well, let me say, Congressman, I very much agree with the idea of encouraging in every way we can the participation of the recipients of the program.

Insofar as the scheduling of the piece of legislation, I am fully committed to push it and to try to move it forward, but I want it to have a full airing and debate. I don't want to repeat the problems of the WIN program that happened once before. But I think this is a very high priority for the United States Senate, and this committee is dedicated to seeing that we move forward with it. Whether it will be this year or early next year, I don't know, but in my opinion it is going to be within a few months, at the outside, that we will see full consideration for it.

I defer to Senator Moynihan.

Senator MOYNIHAN. Mr. Chairman, I would like to thank our distinguished colleague from the House for very strong, clear testimony. You have 114 members. You know, this is an issue that disappeared four years ago—two years ago. On this legislation we have 56 cosponsors already, and I think we will get some more. Many of the differences we have are differences on numbers, and that we are pretty good at compromising on.

We are coming together on these ideas, and I look forward to working with you, sir. I have got to study H.R. 3200 more than I have done. I apologize if I haven't, and I promise you that I will. Thank you for coming.

Congressman ROWLAND. If I just may conclude, Senator, I think one of the key agreements that we have is building a bridge to the welfare community. I think we need to get past some of the rhetoric and some of the statements and, quite frankly, some of the very strong sentiments that people have against welfare recipients.

We can build that bridge. It is going to cost a few dollars. We can make it happen. And I think with some of the thoughts that you have professed in your legislation and some of ours, we can come to that agreement and then just work on the numbers as you indicated.

The CHAIRMAN. Thank you very much, Congressman.

Congressman **Rowland**. Thank you.

[The prepared statement of Congressman Rowland appears in the appendix.]

The **Chairman**. Our next witness will be the Honorable Jaime B. Fuster, who is the Resident Commissioner of the Commonwealth of Puerto Rico.

We are very pleased to have you.

I must say we are going to have a vote in a very few minutes. Unfortunately, I have an amendment that will be up on the floor that I have to deal with. Senator Moynihan will be chairing in my absence, and I hope to be able to get back.

If you would proceed, sir.

STATEMENT OF HON. JAIME B. FUSTER, RESIDENT COMMISSIONER FROM THE COMMONWEALTH OF PUERTO RICO

Commissioner **Fuster**. Mr. Chairman, Senator Moynihan, I appear before you on behalf of the 3½ million American citizens who live in Puerto Rico. I want to commend you for your efforts in trying to bring about a much-needed comprehensive welfare reform. We share the goals pursued by your committee in this regard and hope that a Family Security Act will get enacted as soon as possible.

I appear before you today to express our support generally for this important legislation, and specifically to bring to your attention some basic concerns that my constituents have regarding the application of the basic welfare program to Puerto Rico.

The AFDC program was extended to the island in 1950, 15 years after its implementation in the United States Mainland. Despite the extreme poverty prevailing on the island at that time, Puerto Rico was not granted participation on a parity basis. Instead, a ceiling was placed on the amount of federal assistance, which included both Aid to Families with Dependent Children and Aid to the Aged, Blind and Disabled.

This cap was subsequently raised in 1972. Later, in 1979, the cap was raised to $72 million, where it stands today. That was the last time that the ceiling for Puerto Rico's participation in this most important program was revised. Now, 8 years later, as we enter the closing years of this decade, I believe that the time has come to revisit the conditions and limits placed on Puerto Rico's participation in AFDC.

In this regard, I request your support for a moderate cost-of-living increase to raise the ceiling currently applicable to the Commonwealth of Puerto Rico from $72 million to $104 million. This action is absolutely necessary, simply to restore the original purchasing power that the existing cap had when it first went into effect 8 years ago.

Such an increase is also needed in order to partially rectify the major disparities which have arisen between benefit levels payable on the mainland and those payable in the Commonwealth. At present, the average AFDC monthly payment for a family of three is only $97 on the Island, as opposed to $340 on the mainland. These figures reflect real and significant inequalities. Moreover, since the existing cap was established, the cost of living in Puerto

Rico has risen by over 40 percent. This has substantially eroded the real value of the existing allocation.

The bottom line is that the poor Americans who live in Puerto Rico not only receive public assistance which is grossly inadequate to meet their most basic needs, but that they are also subjected to a form of economic discrimination which other poor Americans do not experience. The result is that those who need assistance the most are actually receiving the least assistance. While it is true that we are presently laboring under severe budgetary constraints, it is also true that the present situation perpetuates inequity. As a matter of simple justice, this situation should not be allowed to continue.

Second, I would like to request your support for the inclusion of Puerto Rico in the welfare reform package finally approved by your committee. I support the concept of welfare reform, and I hope that the people of Puerto Rico will eventually participate in the benefits of an improved, family-oriented approach.

Finally, I request that Puerto Rico be excluded from any provision mandating the AFDC/UP program. As the proposed expansion of the AFDC/UP program would entail new outlays, most jurisdictions would automatically receive additional moneys to cover such outlays. This will not occur in the case of Puerto Rico, however. Since our allocation is capped by statute, any additional outlays would have to come from Puerto Rico's own extremely limited financial resources. Any increase in our allocation would thus be literally eaten up in an attempt to comply with this new requirement. I therefore ask that the Commonwealth be relieved of this burden until additional funding is available to facilite compliance.

In considering Puerto Rico's request, the committee should bear in mind that after an 89-year long legal relationship between the Island and the mainland, and despite substantial economic development, needy American citizens in Puerto Rico still remain the poorest group within the population of the United States.

Per capita income for Puerto Ricans falls far below mainland levels, reaching to just one-third of the level for the United States in general. Mean family income for all families in Puerto Rico is only slightly above the U.S. poverty level. Despite the economic progress that we have made in the past decade, our unemployment rate still exceeds 16 percent.

Moreover, in spite of the Island's dire economic circumstances, Puerto Rico does not participate at all in several major federal assistance programs, such as Supplemental Security Income, and participates only to a very limited extent in various other federal programs for the needy, such as Medicare, Medicaid, Nutritional Assistance, and Primary and Secondary Education. These exclusions are particularly unfortunate, since the elderly, children under 18, and members of single-parent female-headed families comprise a disproportionately high share of the total number of persons below the poverty level in Puerto Rico.

These stark realities are reflected in the Commonwealth's waning capacity to meet the basic minimum necessities of its AFDC clients. When the Commonwealth made its initial cost determination of recipients' basic needs under the program in 1978, it was determined that the minimum cost of meeting basic needs was

$64 per month for one person, $112 per month for two persons, $208 per month for a family of four, and $304 per month for a family of six. At that time, due to the inadequacy of federal assistance under the cap, the Commonwealth could meet only 50 percent of these minimum basic needs.

From 1980 to 1987, the average monthly AFDC caseload increased from 83,000 households to 98,000, an increase of 18 percent. During this same period, the cost of living in Puerto Rico increased by close to 50 percent. By December 1986, the cost of basic needs for one person had increased to $90.75 per month. Similarly, the cost of basic needs for a family of four rose to $294. These sharp increases, coupled with the rise in the average caseload, without a corresponding increase in the Federal share, have seriously diminished the Commonwealth's ability to meet these basic needs. At present, the Commonwealth can meet only 35 percent of the needs of its AFDC clients.

Mr. Chairman and members of the committee, it has been said with some accuracy that an adequate provision for the poor is the true test of a civilization. We hope that you will help us to meet that challenge.

Thank you.

The CHAIRMAN. Mr. Fuster, you do have a unique situation there in Puerto Rico. This committee will have to be mindful of that as we consider this piece of legislation. Your comments do have an impact, and we will be keeping them in mind as we progress on this.

I am sure my distinguished colleague from the State of New York, with a great number of people who travel back and forth between there and Puerto Rico, will be considering that.

Senator MOYNIHAN. We will, sir, and we ought to do. We provide for an increase in that AFDC cap in the present legislation—not as much as I think equity wants, but somehow or other we are going to address these perfectly legitimate, proper questions.

Thank you.

The CHAIRMAN. Thank you very much for your testimony.

Commissioner Fuster. Thank you, sirs.

[The prepared statement of Commissioner Fuster appears in the appendix.]

The CHAIRMAN. Our next witness is the Honorable Nancy Johnson, Congresswoman from Connecticut.

STATEMENT OF HON. NANCY JOHNSON, A U.S. CONGRESSWOMAN FROM THE STATE OF CONNECTICUT

Congresswoman JOHNSON. Thank you very much, Senator Bentsen and Senator Moynihan. Recognizing that you have to leave, Senator Bentsen, I want to go right to the heart of a couple of very controversial issues that I am interested in and believe we must address if welfare reform is to fulfill that concept of reform that I think all of us here are talking about today.

We are talking about restructuring a system that has promoted dependence so that it will instead promote independence, a system that has in fact not only rewarded but required dependence.

I think it is important, as we talk about this issue, that we recognize that a woman who stays on welfare instead of accepting a low-income job is making the right decision for her children, the responsible decision for her children. If she cannot take a job through which she can provide day care and also continue to provide health care for her children, she is making the wrong decision, not the right decision. If leaving welfare means that she has to leave her children without proper care and without any medical support, then she is making the wrong decision to leave welfare.

I think that is very important to recognize I have sat and talked with many a young woman who has struggled mightily, sometimes taking two jobs, to try to regain her independence, because she feels so strongly about it. But finally, when that child who isn't getting adequate structured care begins to have behavioral problems, or when there is a medical problem that requires a lot of dollars to solve it, she is forced to return to the welfare rolls.

So I think our goal ought to be—and I know it is yours, and I commend you both for your tremendous leadership in this area—our goal has got to be to support her, realistically and honestly, in her deeply-held aspirations to work and to be that kind of independent parent that she, as well as all of us, get great satisfaction out of being in life.

The Republican Task Force on Welfare met many, many months and frequently had long, detailed discussions, and there are a couple of things in our bill that speak directly to the issue of helping women gain independence that I want to bring to your attention.

First is the whole issue of mandatory participation. The House bills require that women on welfare participate in education, work, and training programs when their youngest child is six, or, in the case of another alternative, when the youngest child is three. I would beg you to take a careful look at the Republican alternative, which gives States the right, it allows States to require participation when a woman's youngest child is 6 months. That is a provision that I fought hard for.

Now, the State cannot require participation unless there is day care available, and it is only allowed to require half-time participation. But unless we get that 16-year-old mother with her first baby into at least some of the wonderful parenting and education programs that for example, our YWCAs have started, that our school departments have started, at various agencies from community to community, we will have failed these young women.

We have learned a lot about how to help young women parent more effectively, how to help them to deal with their own developmental problems at the same time they are trying to deal with a child's developmemtal problems. We have learned a lot about how to integrate parenting programs and education.

If you keep that 15-year-old or that 16-year-old girl hooked into education and self-development, then you are likely to prevent child number two or child number three from coming along. And if you don't get her immediately, you are not likely to prevent it.

The statistics are indeed astounding: Of all women under 30 who are receiving AFDC, 71 percent had their first child as a teenager. Only half the girls who give birth before age 18 are likely to complete their high school degree. Whereas, 96 percent of those who postpone childbearing until after the age of 20 are found to have completed their high school degree. And the correlation between dropping out educationally and dropping out in terms of one's own maturation and setting of goals and understanding of their own abilities is well correlated with teenage pregnancy and with long-term welfare dependence.

So I want us to get that young girl—and I don't mean full time. I want her to learn to parent. I want her into that system half-time. If you wait until her youngest child is 3 years old and you look at the normal spacing of children—I am the mother of three girls—if you look at your friends, and so on, the second child usually comes along after the first is about 2, or younger. So, if you don't require your participation before the youngest child is 3, you are likely to let that young girl of 15 avoid the education and work-training program until she is 22 or 23. By then, her self-concept, her own deep-seated understanding of her abilities is deeply eroded, and her belief that she can parent that child is probably not much better, because by then she has already experienced the problems of parenting that we all know are not easy in those early developmental years. You not only compromise her development and her opportunity to make good use of what we all now know and agree is important—education, training, job-placement support, and all that stuff—but you also compromise her ability to build a strong family, because she doesn't get a good start in life, support in parenting that is so critical to establishing strong families.

I would ask you to look at our proposal in terms of mandatory participation. I would support you 100 percent if you required States to offer at least a half-time program for welfare recipients that is focused on self-development, education, parenting, and so on.

I am not advocating requiring her to work full-time before that youngest child is 3. We have a terrible dearth of day care facilities that can care for children under 3. Requiring her to work doesn't make sense. But, if you keep her hooked in young, then your infrastructure to educate her is already there—it is the high school system. You also can use those high schools to provide the child care that young children need, under very good supervision, and have mothers participate in that as part of their education, and provide parenting training as well.

So, the dollars are not really big bucks. But if you are talking early intervention and prevention, strong families, economic independence, you really have got to start when that youngest child is 6 months old.

That is the most important thing I wanted to say, and I am awfully glad, Senator Bentsen, that you didn't get called out before I finished.

My second point is, in our bill we make the day care subsidies relative to income. I think that is very important. Day care is extremely expensive, especially for children under 3 but even for children over 3. If a mother enters the workforce with a minimum-wage job—and we make provisions for access to medical benefits, either through Medicaid extension and co-payment, and various other transition arrangements in the medical care area—in day care I think we have to be realistic and recognize that her day care subsidy must decline as her wages grow. If she enters at a minimum-wage job, it may take her 2 years to be earning enough money to be able to pay day care costs, because they are very high. You know, day care costs are at least $50 a week, $200 a month, and that's cheap. Two hundred dollars out of a minimum-wage salary each month, she can't do it. She is making the wrong decision to get off welfare if she does that. And, if we cut her child care subsidy off after 6 months or a year, you see, then she will have to fall back onto welfare.

Now, some of our welfare mothers are actually very smart—they are on welfare because of the day care problem and the medical care problem, and they are going to go through training, and they are going to get computer programmer jobs, and they are going to actually make enough money to manage their day care costs fairly early in the game.

So, if day care is an income-related subsidy, then those who are going to get better jobs, who are going to be subsidized much more briefly. Those that truly need to spend a long time working up those early rungs of the ladder are going to have the public support they need.

Philosophically, the House bill that has come out of the Ways and Means Committee requires the employer to make up the gap. It says a new worker can't take a job that is below the community standard wage—nobody knows what that is. Their concern is that we don't require the welfare person to accept a job that doesn't pay her enough to be able to support herself and her children.

I take the opposite approach: Give her the education, give her the training, let her come in just where everybody else does in our society and just where that employer would normally hire someone of that job experience. We, as a matter of public policy, should take the responsibility, then, for making up the gap that she needs to survive and to support her children, off welfare rather than on welfare.

So I would urge that the barriers not be in the form of requiring wages higher than the minimum wage; but that our subsidies, like our day care transition benefits, be income related so that, as she progresses—and some are going to progress more slowly, some are going to progress more rapidly—and the public subsidy declines as a function of her position in the workforce.

Lastly, as to State participation standards and State flexibility, the States have certainly led the way. It is State action that has developed the broad consensus in both Houses that work, education, and training are important, better child support enforcement is important, and transition benefits are necessary. I think we have to be certain to allow States to retain their flexibility. I know you support and agree with that. It is an issue of how flexible, and I think we should err on the side of being too flexible, especially when States which come in with radically different programs would have to have our approval.

As to State participation goals, when I was in the Connecticut Senate—Mr. Chairman if you have to get up and walk out, I understand that.

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The **CHAIRMAN**. I may have to in a minute, but I want to get to Governor Clinton, too, so if you could, summarize, please.

Congresswoman **JOHNSON**. All right.

The State participation standards did make a big difference. When we passed Work Fare for general assistance recipients, the big cities, particularly, told us they couldn't possibly comply. They complied the first year, the second year—it was a 3-year phase-in—and the 3d year we did have to make adjustments. But I do think that participation standards do provide some pressure to get involved.

Last, I really commend your interest in strengthening families and in the issue of paternity determination.

Our bill has a little demonstration project that I think shouldn't be overlooked. It allows States to develop demonstration projects that reach out to teenage fathers of welfare babies and gets those unemployed young men into the education and work training programs, then they can be covered by the child support enforcement program.

Thank you very much. I would like at some other time to talk to you about another aspect of the day care issue that I think if we don't address, we won't succeed, and that is our ability to use home care providers within this system, without whom we will never have enough care for young children. Yet, if you require States to reach out only license homes, we won't have enough either.

I have introduced legislation that would put the unlicensed homes in a relationship to the State that could be useful, helpful, protective of children, expansive of our care facilities rapidly, but I will leave that until another time.

The **CHAIRMAN**. Congresswoman, you obviously are very much involved in this issue and quite knowledgeable on it. You speak not only with vigor but with knowledge. I am appreciative of that, and I hope you have a full prepared statement that we can have for the record, to get to some of the other points I know you wanted to tell us about, that we didn't give you the time for.

But I am much appreciative of your being here.

Congresswoman **JOHNSON**. Thank you very much.

I do have Hank Brown's statement, because I was actually filling in for him and was scheduled for a later hearing with you. But I will leave his, and I will get back to you with mine.

The **CHAIRMAN**. We will put that in the record, and also your prepared statement when you bring it to us.

Senator **MOYNIHAN**. Mr. Chairman, I would just like to ask if I can arrange to come over and talk. I mean, you all have been working very hard at this, Congresswoman, and you have had your hands full on this subject for a long time. I would just like to come over and talk with you and get to know more about that bill.

Congresswoman **JOHNSON**. Well, thank you. I would be honored to get a group, and we will come to your side, Senator.

Senator **MOYNIHAN**. Good. Thank you.

Congresswoman **JOHNSON**. Thank you.

The **CHAIRMAN**. All right. Thank you very much.

We have the Honorable Bill Clinton, Governor of the State of Arkansas, great friend of mine, and I think a real leader in coming up with innovative, creative ideas, trying to help in this issue. He is at the forefront of it, and I am just delighted to have him. He played a major role in the Governors Association in working on this.

We are pleased to have you.

[The prepared statement of Congresswoman Johnson and that of Congressman Hank Brown appears in the appendix.]

STATEMENT OF HON. BILL CLINTON, GOVERNOR, STATE OF ARKANSAS

Governor **Clinton**. Thank you very much, Mr. Chairman, and Senator Moynihan.

I would like to have my prepared remarks presented for the record; but I will try to be brief so that we can conclude the hearing.

The **Chairman**. We will take it in its entirety.

Governor **Clinton**. There are some points I would like to make. First of all, I want to thank you for having me back again. We had a meeting here in April, at which you gave me the opportunity to present the Governors' position on welfare reform. It is our number-one priority this year. We adopted the policy in February, by a vote of 49 to 1. We are almost equally divided, Republicans and Democrats. We have 26 Democrats and 24 Republicans.

Therefore, I speak to you on behalf of not only myself, but virtually every other Governor in the country. I talked yesterday to my cohort in this endeavor, Governor Castle from Delaware, who is well-known to both of you, and he asked me to give you his regards and gave me his proxy, which is a rare thing in this partisan atmosphere that we live in.

I just would like to make a couple of points:

First and foremost, since I talked to you in April I have done what I could to keep these negotiations, if you will, on track, in the hope that we could reach agreement—not only agreement between the parties, but also between the two houses of Congress and the White House. Senator Moynihan was good enough to come to the Governors' meeting in Michigan, where we had Congressman Downey and Chuck Hobbs from the White House, and others. We had worked hard to pull people together, and at least to keep everyone talking along the same lines.

Simultaneously, I tried to enlist the support of the National Alliance of Business, the United Way, and other groups who have probably already been in touch with you as a result of the contact I have had with them.

The bottom line is that there is an enormous interest in and commitment to the idea of welfare reform in this country, and we have a great opportunity here. At the same time, there are all kinds of reasons why you might not want to deal with it right now. I know the Senate has a full legislative agenda, I know the House does, I know there are differences with the White House over taxes and spending and the budget. I know you have got all these other problems.

If I could just make one point, as someone who doesn't have a vote and therefore doesn't have to deal with all of your headaches, it seems to me that this session of Congress, this calendar year, and certainly this Congress, offers an opportunity that may not pass this way again. It really bothers me when I hear people who are sort of on the periphery of this issue, some people in my party, who say, "Let's wait until after the next election and see if we can't get a better bill." Some people in the Republican party say, "Well, what difference does it make if the bill gets vetoed?" I think that overlooks the fact that we are talking about the lives of millions of parents and their children who stand to have a piece of the American dream, and, that this whole idea of welfare reform is a critical part of our responsibility to develop the capacities of the American people, so that we can face the Twenty-first Century.

The **CHAIRMAN**. Governor, let me tell you, this chairman is dedicated to seeing that we have full consideration of welfare reform, and that we have it at the earliest opportunity that we can get that kind of a debate on the floor of the United States Senate. We do, however, have an incredible platter of things to deal with.

Governor **CLINTON**. I know that.

The **CHAIRMAN**. I left here at 6 o'clock last evening and felt guilty that I was leaving early, and it was early, because normally we are around here much later than that. And that is the way it is going to be. They were once talking about an October 3rd adjourment, and now they are talking Thanksgiving, and last night they were talking Christmas Eve.

So, as soon as we can get to it, we are going to do it. But I can't tell you it is going to be this year, it may be early next year. But it is a priority item.

Governor **CLINTON**. I think the critical point I want to make is that I don't think we should let it become a part of the politics of the coming presidential campaign, except to get everybody to say, "Hallelujah. Let's do it now!"

I said what I did, Senator, in sympathy. I understand that your job as Chairman and all of your work in the Congress this year has been immeasurably complicated by a lot of things that have nothing to do with welfare reform.

But Senator Moynihan used a word that I have now practiced 15 times, trying to make sure I could pronounce it, and I am going to go play Scrabble with my friends and family members and lay this on them, "syzygy," which apparently means that the moon and the sun and the stars are in some sort of mystical alignment which has brought us all together in this moment in history, around this issue.

Senator **MOYNIHAN**. An emergency happened last October.

Governor **CLINTON**. That's right, and I have been blaming it on that ever since, Senator.

But I just wanted to tell you that I think the Republican and Democratic Governors will support you in keeping this on the front burner.

If I could make a couple of specific comments, first of all, in addition to Senator Moynihan's bill with 56 cosponsors, you have the bills by Senators Dole and Bradley that deal with child support.

I think the Governors believe, without regard to party philosophy, that the elements of these three bills on child support must be part of any welfare reform strategy. I think it offers the Senate an opportunity to take a very aggressive posture in this regard. And we will support essentially whatever you want to do.

We know, by the way, that not all of our States have done the greatest job in the world of implementing the amendments of 1984. A lot of States have a long way to go, and we welcome your insistence that we do better.

The second thing I would like to say is that a very important part of this program is requiring the necessary education, training, and work to prepare the welfare recipients to go into the workforce.

If I could make one suggestion to my friend Senator Moynihan about his bill, I think that some of the people who have expressed reservations about it do so because they think perhaps the language of the bill is not explicit enough. And one of the problems the Governors have with the House Republican bill, the Michel Bill, introduced in the Senate by Senator Dole, is that we fear that, while it mandates participation all right, we wonder participation in what? That is, we know if we just go through the same old job search and that sort of stuff, that it won't be good enough to deal with people who are structurally unemployable. There ought to be some language in the bill which leaves the States the flexibility to develop programs appropriate to the circumstances in each State, but which clearly requires, in return for this money you are going to appropriate, a range of services to be offered. This plainly includes remedial education, high school alternative degrees, adult literacy programs—clearly, the full range of education and training programs, without which this program won't work.

One or two other points:

There are differences among the bills about the mandatory participation. I disagree with the distinguished Congressman from Connecticut that the House Bill doesn't require participation; but there is a difference of opinion about how old the children of the welfare recipients should be before participation is required.

Our policy says three. The House Bill says three, and if you get a waiver you can go down to one. Your bill says three, and you can go down to one. And the Republican bill says six months.

Maybe what you ought to do is to basically say age three, but the States can go down to one if they demonstrate that quality, appropriate child care is available. That if a State can't do that, then you have to take voluntary participants of the parents of children between one and three, because, by definition, they are going to have child care or they won't be in it.

One or two other points:

The transition services are, next to education, training, and work, the most important parts of this bill in terms of their practical impact. I think you will have a lot of welfare recipients lined up, dying to go to work, if they know they are going to be able to have day care for their kids, and they know that their kids aren't going to lose medical coverage.

Most of us, if we were in the position of taking a minimum-wage job that we wanted to take for our own pride or dignity because we thought it was the right thing to do, wouldn't do it if we thought we would put our own small children at peril. And I think a lot of attention needs to be given as to how that thing is going to be structured and how it will work.

In that connection, the Governors support the maximum latitude you want to give to waivers, to allow the States to do a lot of things that may not be mandated by the bill. The White House wants that, we support it, but we don't want to get away from the entitlement nature of this health care issue.

I have been trying for one and a half years to get a waiver from the Department of Health and Human Services to extend Medicaid coverage in my State under one of our WIN demonstration programs, and we have got a good program. I still haven't heard anything about it. I say that to point out that support waivers, and we want to support them. We want you to provide whatever latitude you want, but let us not lose sight of the fact that medical coverage and the child care are the two biggest institutional barriers to getting a lot of these welfare mothers in the workforce.

I would say just one final thing about an issue that you, Senator Bentsen, and I have discussed before. It is very touchy in our States, in our part of the country, and that is the Unemployed Parent program. It is mandated by the House Bill 1720, the Ways and Means Bill; it is mandated in Senator Moynihan's bill; it is not mandated in the Michel-Dole Bill.

I wish we could reach some agreement on this. The President feels very strongly that this should not be part of the bill, and he has basically said through Mr. Hobbs that this is a no-compromise issue. Maybe we could go to a system where we permit some compromises like the Oregon and Utah plans, which provide sometime coverage—six months every two years of Unemployed Parents coverage. But if you do that, again, I think it is very important not to obscure the fact that we think at least the Medicaid portion of UP ought to be there; you ought to give.those kids the medical coverage.

The CHAIRMAN. Let me understand "sometime coverage." Explain that to me a little better how you would anticipate it would work.

Governor CLINTON. There are 24 States that I think don't provide coverage for unemployed parents.

The CHAIRMAN. That is right.

Governor CLINTON. You can provide Medicaid UP—that is, you don't give any cash assistance to the unemployed father in the home, but you do provide Medicaid coverage to the kids. That is one possible compromise.

Another possible thing you can do is to go beyond that to the experiments which are in place in Oregon and Utah, which essentially provide that over a two-year period, or a few months in each two-year period, a father could be covered, but only for say 6 months, on the assumption that that is enough time to give him time to find another job.

That is what they do.

Senator MOYNIHAN. Could I say something there, Mr. Chairman?

The CHAIRMAN. Sure.

Senator MOYNIHAN. Ours is one of the 26 States that counts in the two-thirds of the population represented. It seems to me the

States that don't should be talking about what they want. And I am sure we can come to agreement here, I know we can.

Governor Clinton. Well, I want to emphasize that this is an issue, it seems to me, that we have to work through with the White House and the people on the Republican bill. The Governors adopted a position a long time ago which was in support of UP.

The Chairman. Have you taken a public position on this?

Governor Clinton. The Governors Association? Yes, even before this issue.

The Chairman. Yes, but I am talking about you.

Governor Clinton. Me personally?

The Chairman. Yes.

Governor Clinton. I am for the coverage, as long as you do one thing: I think if you mandate UP, you must mandate that, no matter how old the children are, if they are a day old, at least one of those parents has to be in the education, training, and work program from the day the UP comes in, and I think that is critically important. Otherwise, I would be opposed to it altogether.

The Chairman. Well, you are living this problem down there in Arkansas, and we have it over in Texas, and that is why I am particularly interested in your application.

Governor Clinton. I agree with Senator Evans, who talked about this from his perspective as a former Governor. I think all of our policies ought to be pro-family, pro-work, and pro-kid, and not necessarily in that order. So, I think we ought to do whatever we can do that is good for families, good for children, and good for letting people be productive citizens.

And I still believe, if you have the right kinds of requirements, the UP program does that.

But I think we also have to realize that we want to pass a bill that won't be vetoed.

The Chairman. Yes.

Governor Clinton. Senator Moynihan will tell you that in all of our conversations with the White House, they said this was one of those lying-in-the-dirt issues, that, "Maybe we will go for something like Oregon and Utah have, but not for the whole UP." That is why I offered that as a possible compromise.

I think what we all think, Senator, is that you, Mr. Chairman and this committee, are going to be critical to whether we get a bill that will be signed and not vetoed and that we actually have something to show for this year and a half of effort we have all made. That is the only reason I raise that issue.

The Chairman. I don't want this just to be a political issue; I want to see it implemented, put into law in something that is effective, that we think will work.

Governor Clinton. One thing that the first Congressman from Connecticut said is something that I think is a very sensitive point with the Governors, that we don't want to spend a lot of money and not have anything to show for it. If you read our policy, we certainly don't support the idea of just putting a lot more money into a system with no results; we think that H.R. 1720, the House Ways and Means Committee bill, is a lot better bill than they do. But we also feel very strongly that we should moderate benefit increases and try to finance it as much as possible out of savings from this program, the work program, and that before there is a national benefits standard, we ought to have a study.

One of the things that we suggested to Senator Moynihan and others is that we ought to put a little money into this program maybe to have someone study, the National Science Foundation or somebody, what an appropriate standard of benefits should be.

Senator MOYNIHAN. Governor Evans was speaking about just that.

Governor CLINTON. Yes, sir, he talked about that, and I think that is something that I would commend to you.

But we are ready to work with you, and we think that the Moynihan Bill is a good place to start. We do feel, Senator, as I said, that we ought to be a little more explicit about what is in the education, training, and work, but still leave the States the flexibility to put it together. But be explicit about it.

We also think that the language on child care, at least, needs to be clear, that we are talking about appropriate quality child care, even if the State doesn't pay for all of it.

And I think, with those two exceptions, we feel pretty good about where you are starting now. And the Governors are still holding together right across the spectrum. I hope that there won't be any attempt to split us apart, because we have not tried to play favorites or play politics. We just want to do what we can to help you get a bill out that will be signed in this Congress.

The CHAIRMAN. Governor, that has been very helpful to us. We are most appreciative of your comments. You helped us before, this Spring, and this is added to it. And you have added to my education. Thank you.

Yes?

Senator MOYNIHAN. I would just like to ask, of the Governor, if we could get some language from you on those two points? I mean, you are the ones who are going to have to run these programs.

That "lyin' in the dirt" may not be like the lie-ins we have downtown, but if we can get that language, we will go your way. You are the ones who came in and said you wanted to do this, you are the ones who have shown you can. This is where the energy in the system is.

What we have down here is that it is a failed system that nobody has any confidence in, and if you have any idea that you can make it work better or differently, they just say—they don't even say "No" to you; you are just waiting for the answer. What was it, 18 months to try to get a Medicaid innovation?

Governor CLINTON. I haven't been turned down, either; I just haven't heard from them.

Senator MOYNIHAN. Yes, they just make a decision, and so, there is just no answer. That has got to stop. And the energy, gentlemen, is out there; it is not here.

There is still a little bit of a 1930s-40s-50s mentality which says, "You can't trust the States; it has to be done in Washington." I would put it the other way around, that it is Washington you can't trust.

The CHAIRMAN. Governor, thank you very much. We are delighted.

Governor CLINTON. Thank you, Mr. Chairman.

The **Chairman**. We have one more witness.

Senator Durenberger, did you desire to make a statement?

Senator **Durenberger**. All right.

The **Chairman**. Let me state to you, sir, that we have one more witness. We are pleased to have your statement, and neither one of us will stay and hear the other witness.

Senator **Durenberger**. Right. I regret not coming over sooner, Mr. Chairman. I have spent the last 2 hours trying to facilitate the process of the Medicare Catastrophic Bill, and I regret not being able to get here until now.

The **Chairman**. But did you make some headway? That is what I want to know.

Senator **Durenberger**. We made head but not way. [Laughter.]

Mr. Chairman, I do recognize the lateness of the hour, and I have a statement that I would like to have made a part of the record.

The **Chairman**. Of course.

Thank you, Governor.

[The prepared statement of Governor Clinton and Senator Durenberger appear in the appendix.]

The **Chairman**. Our last witness is Mr. Kevin M. Aslanian, Executive Director of the Coalition of California Welfare Rights Organizations, from Sacramento, California.

We are pleased to have you, sir.

STATEMENT OF KEVIN M. ASLANIAN, EXECUTIVE DIRECTOR, COALITION OF CALIFORNIA WELFARE RIGHTS ORGANIZATIONS, INC., SACRAMENTO, CA

Mr. **Aslanian**. Thank you, Senator.

I am very grateful that we have an opportunity to testify before the Finance Committee. We represent basically welfare rights organizations throughout the State of California.

We have done a section-by-section analysis of S. 1511, H.R. 1720, we have reviewed the Republican bill, and we put out a monthly newsletter called "The California WorkFare Reporter." We would like to share with you a little bit about the California GAIN program.

This program has been in operation for about a year, and we have just reviewed the Fresno County program. Fresno County has been operating for about one year, and during that one year 109 people found employment. The WIN program, during the one year, found 789 people jobs. The Fresno County Plan said that 80 percent of the participants are going to need child care. The 1-year report shows that only 8 percent of the participants received child care. The reason is neither that legislation, nor any, other legislation on the table today, actually mandates child care. It merely says that, if you need child care, we'll give it to you.

In San Diego, a lady was participating in a Workfare Program. When she came home, her children were taken away by the Child Protective Services. Apparently the child care arrangements were failed, but she still had to participate in the Workfare program, and the next thing you know, when she came back home, the children were gone.

We are also big advocates for welfare reform. For example, in America a pregnant woman cannot get AFDC in many States, which is the primary reason for the high increase in the infant mortality rate in America.

There is a real problem about the work incentives. Today if a woman goes to work, in many cases they have to live on food baskets, because they cannot feed their children. And as you know, the work incentives were changed in 1981, and we never got back to where we were. And your legislation, Senator, does not provide for the work incentives. So under the current statute, if you go to work, you lose money, and you lose money so you cannot feed your children. So, when a woman comes to me and says she cannot feed her children, I have to counsel her and tell her that her primary obligation is to raise her children, not to work and punish her children. So, she must quit her job to be able to feed her children. That is very hard for me to do, but I have to protect the children.

There is no emergency assistance program, nationwide. Some States have it, some States don't have it, and many States use it to enhance federal financial participation for their pet projects. We would suggest that there be mandatory emergency assistance in all States, to provide when families are homeless that they could get emergency assistance and could receive some help.

Senator MOYNIHAN. Well, now, aren't the emergency provisions in Title IV available automatically to the States, the 30-day provisions? I believe you will find that is true, sir. But I don't suggest they are always effective.

Mr. ASLANIAN. No. In fact, the AFDC/UP program—States can participate, but they don't have to.

Senator MOYNIHAN. Very well, I won't question you. I mean simply that all States that I know do. But then, we will find that out. Thank you.

Mr. ASLANIAN. There is also a real problem with retrospective budgeting. We have had a woman who lost her job this month. She had been working for six or seven months, and she was on AFDC. This month she lost her job. Her grant for November and December will be computed based upon the income that she received in September and October. So, you can imagine what a horrible Christmas these children are going to have, just because their mother went to work. The children are going to be sitting by the Christmas tree with nothing around it, because their mother worked. Had she not worked, had she gotten the regular AFDC check, they would have had a better Christmas.

There should be automatic supplementation for victims of retrospective budgeting. The current law provides that the State may do that, and that is the current law because New York wanted it; but it should be mandatory if we want to encourage people to take jobs.

You should also stop penalties for late reporting. If a woman gets her income reported in 3 days late, 2 months down the line they don't get their child care deductions, so they have to quit their job. It just doesn't make sense, Senator.

Senator MOYNIHAN. No, that doesn't.

Mr. ASLANIAN. I think welfare reform, basically, is an interesting thing. Where we are today, basically, is that it appears that our society is saying that it is okay for a woman not to take care of her children under the age of 6. And I don't think our society really believes that. If our society doesn't really believe that, then we should not impose these discriminatory policies against poor children. Some children do need their mother's guidance, some other children may not. Some mothers may be able to do it, some others may not. There should be flexibility for the woman to decide how she wants to raise her child, rather than having big-brother government say, "This is the way you are going to do it, because we, up here, have decided, or we at the State level have decided, that you are going to do this."

In fact, it is interesting. I have been in some of the debates about the mandatory versus voluntary. All the proponents for mandatory say, "Well, you know, we can't have people on welfare for generation after generation after generation. So, how will we deal with this? We will have a mandatory work program." And that becomes an assembly line approach. Everybody goes through the mandatory program. That doesn't make sense, either. That is not an efficient utilization of our limited resources.

Our suggestion is, we should target, and only make those people mandatory participants who are long-term recipients, who have been on aid for more than 6 years, who have children over the age of 12. Those are the people who should be mandatory participants. And if you give other folks the chance, they will volunteer for this program. You don't have to push people into these programs. In Massachusetts they are standing in line to get into the program. I mean, it really doesn't make sense.

We also have real problems with the welfare department administering these programs. When you have a cardiac problem, you don't run to your lawyer and say, "Lawyer, I have a cardiac problem." You go to your doctor. And if we have a job problem, we should not go to the welfare department, we should go to the job department. The job department happens to be the Labor Department, and the State employment agencies are the ones who operate the training program and the other programs. I could never understand why all of a sudden everybody is pushing welfare recipients through the welfare department. You are still going to have the welfare problem.

Child care problems: We had a classic case in California. A woman who was participating in the GAIN program was doing her job search. Of course, she didn't need child care while in the job search program, because she was looking for the job while the kids were in school. On the fifth day she finds a job. She was overjoyed; she finally found a job, and she was going to get off of AFDC. She runs to her welfare worker and says, "I've got a job. I need child care. What do I do?" The Workfare worker says, "Sorry, there is no child care. You could call up a child care center, but there is a big line." So she says, "What do I have to do?" They said, "Well, you don't have to take the job if you don't have child care." She says, "Fine. What do I do tomorrow?" They say, "Go and look for a job again." Now, that's ludicrous, and that is exactly how the programs work.

Our position is that you should never have anybody out there looking for a job unless they have a certificate saying that they have a job child care slot at Pepper Tree Child Care Center or any other child care center.

What happens with the employer? The employer calls you up and says, "Look, I have read the newspapers. You appropriated millions of dollars for child care, and this lousy welfare recipient comes to me, I offer her a job, and she turns the job down and says, 'I don't have child care.' I know better." He complains to you, he complains to his Congressmen, complains to everybody. It doesn't make sense. The program should be structured solidly.

Under your bill, part-time workers who are working less than 30 hours are not exempt from this program. We suggest that they should be. If somebody is in a part-time job——

Senator MOYNIHAN. Why?

Mr. ASLANIAN. Why? Because a part-time job——

Senator MOYNIHAN. I mean, we are holding hearings, and we are trying to get information. Tell us why.

Mr. ASLANIAN. Okay. A person has a part-time job, is making a decent salary, has an opportunity for a promotion. It is their chosen path into independence. They have taken the initiative. We should encourage people to take initiative rather than to say, "No. You took a part-time job? No way. It should have been a full-time job. We say you quit your job, go into our training program, into our job search program, or go into the Workfare program." That is simply wrong. I think we should discourage anybody who does something on their own.

For example, self-initiated educational training. I think anybody who is in some kind of an educational program, or some kind of a training program, that they initiated, at any time, that should be encouraged and not trashed.

What our system does now—I have a lot of people who are in some kind of a training program. They say, "Well, you can't be there, because we did not approve that. We, the government, did not decide that you should go there. So, therefore, you have to drop that, come and see us, and go through us." I guess they make more money that way.

We have a real problem with the so-called "contract." First of all, under your legislation the contract is optional rather than mandatory. The second thing is that we have, in California, this so-called "contract," and the contract is——

Senator MOYNIHAN. Yes, under GAIN.

Mr. ASLANIAN. In the GAIN program, yes. Basically what it is, Senator, is a rights-of-responsibilities form, where they lay out your rights of responsibilities. In fact, in California the clients don't even get to complete the contract; the worker completes the contract and says, "Sign it, here, okay?"

It is hard to have a contract that is not a bargain between two equal parties. And there is no way you can consider the welfare recipient and the welfare worker to be equal parties; because, if the client does not cooperate, they get sanctioned. The client can't sanction the welfare worker. So they are not equal parties.

We also support the National Governors Association, who suggested that the range of services be mandatory. Under your bill, basically, there is no mandatory range of services. If States could only run a workfare and job search program, it will be consistent with your bill.

The final thing I would like to talk about is sanctions. For example, in New York they ran a work program. They saved $11 5 million through sanctions, and they saved $6.5 million through getting people jobs. So, it appears that sanctions is where they save most of the money.

I don't know if you know how the sanctions work, but in the two-parent family—and I have had lots of families come to me—they get sanctions for three months for the first time and six months for the second time. And the whole family is sanctioned for this period of time. I can't understand; why punish the children for what their parents do? It is unconscionable. And do you know what the father does? He leaves the family, because he has to leave the family to make sure that those children can be fed.

The other problem is that, when you impose these durational sanctions, and the parent comes and says, "Well, after 15 days, I am willing to participate," the welfare system says, "No way. You have to serve out your three months"—their prison term—"and then come back and see us."

Senator Moynihan. That is about as dim as you can get, isn't it?

Mr. Aslanian. Yes, but that is basically what happens.

We have your problem with the waivers—these waivers of the States, to do whatever they want to do.

Senator Moynihan. Mr. Aslanian, I have no choice at this point; it is a quarter past 12. The rules of the Senate require us to cease a hearing at noon.

Mr. Aslanian. I am sorry.

Senator Moynihan. No, nothing to do with you.

We allow ourselves 15 minutes leeway, and no one complains. Otherwise, we are subject to an objection on the Senate floor. So, I am going to have to momentarily bring this hearing to a close.

Let me say to you two things: First of all, thank you very much for coming all the way from California.

Mr. Aslanian. Thanks for having me.

Senator Moynihan. And thank you for very interesting prepared materials, which we will listen to with great attention.

You have some hands-on experience with the GAIN program, and we want to know more about that. I would like to make, however, one general point. It is our experience—it may not be so in the GAIN program—our experience is that there is a great tendency of this present system to forget about these women and children and just leave them to moulder.

The idea that there is an energetic bureaucracy out there that is just waiting to seize the moment to take these poor people and force them into jobs—no. No, it is just the opposite. It is just to send them their checks and leave them alone.

Fifty-two percent of the married women with children are in the workforce today. That is a choice we have made. Seventy percent of all mothers with children under 18 are in the laborforce. Fifty-four percent with children under six. In contrast, the workforce participation rate of AFDC mothers in 1984 was 4.6 percent. They have the highest level of unemployment; it is the greatest concentration of unemployment in our society.

And no one is rushing out to make sure they get to work. On the contrary, people are rushing away from any effort.

But now, suddenly we see some willingness, as you heard from Governor Clinton. Wouldn't you accept that as being more nearly reality?

Mr. ASLANIAN. I will attest that most welfare recipients would rather work than get AFDC. I also believe that if a program is going to be structured, it should be structured with sugar and not with a stick. And S. 1511 has a big stick and very little sugar.

The reason that you only have 4.6 percent of the AFDC population working today is because of the 1981 cuts, at which time 30 percent of the caseload was working. And it went right down by 25 percent, as you correctly pointed out.

Senator MOYNIHAN. That may be.

Mr. ASLANIAN. So, that is where the problem is. And I think when you combine sanctions and bring down the mandatory ages, you just have a pilot program. That is what you are going to have.

Senator MOYNIHAN. But at that point, when we took away, we took people off of the system because they did have earnings, and that brought that ratio down.

We absolutely agree with you that child care is the choke point.

Mr. ASLANIAN. But there is no bill today that would guarantee anybody child care. I have had GAIN clients call me up in Yuba County, California, and say, "My worker told me that I have to find child care. And if I don't, my family is going to be sanctioned." That is the way they actually operate the GAIN program.

Now, you may sit up and say, "We are going to guarantee child care," and the States will write a letter and say, "Oh, yes, we guarantee child care." In fact, every county plan that is submitted has to say that "We have looked at it; we have done all this planning, and there is all the child care." But there is no child care there, sir.

Senator MOYNIHAN. That is under GAIN, though.

Mr. ASLANIAN. One thing I would like to give you for the record, if you would like to have it, sir——

Senator MOYNIHAN. Please.

Mr. ASLANIAN. We have a Recipient Impact Statement of S. 1511, and it is side-by-side.

Senator MOYNIHAN. Oh, good. We shall make those part of the record.

And now, the rules of the Senate really do require me to bring this hearing to a close.

First, I want to thank you for coming, and thank you for your willingness to put so much of your own career into a concern for others.

Senator Henry Bellmon, now Governor Bellmon, wished to be here and prepared a very careful statement, and, alas, is not going to be able to get to us on time. So I am going to put his statement in the record at this point.

Thanking our audience, thanking our various lighting experts and our most generally expert staff, and particularly our witnesses and the staff members from other members of the House and the Senate who are here, we will call this second of hearings of the Senate Committee on Finance on S. 1511 to a close.

[Whereupon, at 12:18 p.m., the hearing was concluded.]

[The prepared statement of Mr. Aslanian and Governor Bellman appear in the appendix.]

WELFARE REFORM

WEDNESDAY, OCTOBER 28, 1987

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, DC.

The hearing was convened, pursuant to notice, at 10:03 a.m., in room SD–215, Dirksen Senate Office Building, Hon. Daniel Patrick Moynihan presiding.

Present: Senators Moynihan, Bradley, Mitchell, Chafee, and Durenberger.

[Prepared statements submitted by Senators appear in the appendix.]

[The press release announcing the hearing follows:]

[Press Release No. H–68, Oct. 21, 1987]

FINANCE COMMITTEE TO HOLD THIRD HEARING ON WELFARE REFORM

WASHINGTON, DC.—Senator Lloyd Bentsen (D., Texas), Chairman, announced Tuesday that the Finance Committee will hold the third in a series of full Committee hearings on the subject of welfare reform.

The hearing is scheduled for Wednesday, October 28, 1987, at 10:00 a.m., in Room SD–215 of the Dirksen Senate Office Building.

Bentsen said, "As we continue to examine specific welfare reform proposals now before the Congress, it is important that we know how specific proposals could influence our goal of setting a new direction for the Nation's welfare system."

The full Committee hearings build upon a series of seven Subcommittee hearings held earlier this year by the Subcommittee on Social Security and Family Policy, chaired by Senator Daniel Patrick Moynihan.

OPENING STATEMENT OF HON. DANIEL PATRICK MOYNIHAN, U.S. SENATOR FROM NEW YORK

Senator MOYNIHAN. A very good morning to you all.

This is the fourth in a series of hearings by the full committee on the subject of welfare reform and change in the welfare system which, of course, is Title IV of the Social Security Act of 1935. These hearings began in the Finance Subcommittee on Social Security and Family Policy in January this year, in response to a number of initiatives including, of course, that of President Reagan who proposed in his State of the Union Message that 1987 be devoted to this inquiry. And we were following the lead of the National Governors Association, which made this subject their number one issue of the year and which came forward with a series of proposals of their own.

We have had excellent testimony from Governor Clinton, Governor Castle, Governor Kean, Governor Dukakis, and a number of other distinguished Governors, and we have, of course, fashioned our legislation—S. 1511, the Family Security Act of 1987—closely on their proposals.

There are 56 cosponsors for our bill and a degree of agreement across party lines and regional lines. That is not only rare; I think it is unique for this subject.

We have been advancing with a great sense of confidence and purpose, and I hope we continue to do so. I would note that in the last several days, a number of Senators, including my good friend, the distinguished Republican leader who is the ranking minority member of our subcommittee, has suggested that in light of the budgetary difficulties, the deficit crisis, and the disarray of the financial markets that it may be that we cannot afford to do anything for children this year. He didn't put it in those terms; he said that welfare reform can't be afforded.

I would hope that we not accept that counsel, and I know that my good friend, Senator Dole, would only do so reluctantly. I would call attention to two things.

This last evening, the Senate by an overwhelming vote amended the Social Security Act to provide catastrophic health insurance for some 32 million senior Americans and provide monies for prescription drugs, in a very ingenious and successful enterprise a solution to a problem that was set forth by the distinguished Secretary of Health and Human Services, Dr. Bowen, earlier in the year. And in very short order, the Congress responded.

In the case of this legislation, Senator Mitchell, Senator Durenberger, Senator Heinz of this committee acted with great capacity, energy, and tenacity and negotiated an agreement with The White House; and it will be law, after a short period, I would think.

And there, we have done something important for people who are, in some sense, out of the work force and need social insurance, a principle we established some years ago in the Social Security Act.

Similarly, on Friday it was announced that the cost of living adjustment would be made for those 32 million Americans and others—but 32 million who are receiving Social Security—retirement benefits of 4.2 percent. A 4.2 percent increase would be provided in the last check that was mailed this year—because of the weekend, it would otherwise have been the first check of next year—so that the retirement benefits of elderly persons, retired persons, would be protected because they are indexed to inflation.

All Social Security and social insurance programs are indexed, except for the program that benefits poor children, AFDC. The 4.2 percent increase that Social Security retirement benefits will receive corresponds, in effect, to a 4 percent reduction in the benefits which children will receive under the AFDC program within Social Security. There are half as many children in the system as there are retired persons; children are the poorest group in our population. About one child in three is likely to be dependent upon public assistance before they reach 18.

I was traveling around New York on Monday and met with a number of editors who were reporting the Social Security COLA increase and I asked if any of them reported that this actually constituted a real cut for children? No, they hadn't; they hadn't thought about it that way, but it does. And it would seem to me a very poor thing if this Congress should end, having made the first major expansion in the health care benefits since the 1960s, if we still couldn't find the capacity to do something for children; and somehow we blame the Japanese or something. [Laughter.]

That doesn't seem to be very helpful. I have a statement to that effect, which I would like to place in the record at this point. I have a few other items that I think also would be useful.

As many of you know, part of our bill, proposed by the governors, would provide limited authority for the States to operate waivers within the context of the Social Security Act. New formulas and arrangements can be made to fit particular interests of particular States and needs because so much of the energy and innovation on this subject comes from the States.

On Friday, it was announced that New Jersey, after extensive negotiations here in Washington, had obtained a waiver agreement from the Secretary of HHS which would make widespread changes in the way they run their welfare program. In accordance with that, the ideas that Governor Kean has brought to this committee are most consistent with the things our legislation would like to bring about.

I will not ever forget Governor Kean's testimony that, in New Jersey, his Economic Development advisers said there were going to be some 600,000 new jobs in New Jersey in the next decade; and that means we don't have a child to waste—not if we ever had one—he said; but we certainly don't have one now.

I would like to place the report of this new agreement in the record and also a very handsome letter from the Honorable Gary Carruthers, who is the Governor of New Mexico, who writes to thank us for information regarding the Family Security Act and to say that in New Mexico, "My Administration is completing a welfare reform plan which we have chosen to call 'Mainstream.' This effort is a combination of State legislation, waiver requests to be submitted through Federal funding agencies, and regulation changes designed to promote self-sufficiency and reduce dependency on public assistance on the part of persons receiving food stamps and AFDC.

"The objectives of the Family Security Act are similar to those of Mainstream, particularly with regard to the emphasis placed on child support enforcement, as well as education and employment opportunities."

[The information appears in the appendix.]

Now, in that regard, we are seeing such enormous energy at the State level, it seems to me it would be very unfortunate if we did not match them with some corresponding response here in Washington. And that will depend a very great deal on the courage of this Congress.

May I ask if there is anyone present here from the Department of Health and Human Services?

[No response.]

Senator **Moynihan**. We are here talking about more than 11 million welfare recipients. Is there anybody here from the Administration? Anybody? I see a hand. Would you come forward?

May I say that Representative Roukema cannot be here until 10:30, and so we have just a moment.

Is anybody here from Health and Human Services? Good. Come forward, sit down, introduce yourself, and I will welcome you. Tell us who you are. You don't have to if you don't want to. Come on. [Laughter.]

Good morning. Come forward. Sit down, and give us your name.

STATEMENTS OF SONIA RIVERO, LEGISLATIVE ASSISTANT; PENELOPE SPERRY ASHCRAFT, CONGRESSIONAL LIAISON [AFDC], OFFICE OF FAMILY ASSISTANCE [POLICY], FAMILY SUPPORT ADMINISTRATION; AND CHARLOTTE O'LOUGHLIN, CONGRESSIONAL LIAISON, FAMILY SUPPORT ADMINISTRATION, DEPARTMENT OF HEALTH AND HUMAN SERVICES

Ms. Rivero. Good morning, Senator. I am Sonia Rivero, and I am representing the Office of the Assistant Secretary for Legislation at HHS.

Senator Moynihan. So, you are here from Congressional Liaison?

Ms. Rivero. Yes, Senator.

Senator Moynihan. Fine. That is very nice of you, but there is nobody here from those divisions of Health and Human Services that deal with this program?

Ms. Rivero. Yes, Senator. We do have staff here.

Senator Moynihan. Are there some persons here who have not announced themselves?

Ms. Rivero. I want to keep the Secretary informed of the proceedings here; but we also have program staff attending the hearing who, of course, are very interested in what people have to say on this subject.

Senator Moynihan. If they are here, where are they?

Ms. Rivero. We do have some staff sitting in the audience, I believe.

Senator Moynihan. Now, listen. This is a formal hearing of the Committee on Finance. I asked if there was anybody here from Health and Human Services. Is there anybody here? Are you hiding?

Ms. Rivero. Senator, we were not asked to send any official representatives; but, the staff is represented here.

Senator Moynihan. Then there are some staff persons here?

Ms. Rivero. Yes, Senator.

Senator Moynihan. Then, why don't you stand up and point them out? This is bizarre behavior, but it is not unusual [Laughter.]

I saw a hand. This is like a game show.

Ms. Rivero. They are shy.

Senator Moynihan. Don't be shy. Come on. Please, if there is anybody here, stand up and come forward. This is a meeting of the Committee on Finance. You have every right to be here, and we welcome you. Why would you not let us know you are here? Good morning.

Ms. Ashcraft. Good morning.

Senator Moynihan. And you are?

Ms. Ashcraft. I am Penelope Ashcraft from the Office of Family Assistance in the Family Support Administration.

Senator Moynihan. Good.

Ms. **Ashcraft**. I work in Congressional Liaison.

Senator **Moynihan**. I see. You are welcome. And you?

Ms. **O'Loughlin**. Charlotte O'Loughlin, and I am with the Family Support Administration, Office of Policy and Legislation.

Senator **Moynihan**. Good for you. We have one person from the Policy Office.

Ms. **Ashcraft**. I am also from the Office of Policy.

Senator **Moynihan**. You also are? Good. We welcome you. It is a rare sight to see anybody from the Administration, dealing with this subject. Part of the problem is that we don't even have in our Government an assistant secretary who is exclusively responsible for welfare matters. This is an important point I would like to make, which is that the capacity of our Government to deal with these issues is so limited; we have almost a trained incapacity—if I can use a term from the great economists—we have a trained incapacity to deal with these things because nobody is responsible. Who is your immediate superior?

Ms. **O'Loughlin**. Mine?

Senator **Moynihan**. Yes.

Ms. **O'Loughlin**. Howard Rolston.

Senator **Moynihan**. And who is he?

Ms. **O'Loughlin**. Associate Administrator for Policy.

Senator **Moynihan**. Has he ever been up here? Do you know?

Ms. **O'Loughlin**. He does attend hearings.

Senator **Moynihan**. I am sure he attends hearings, but has he ever attended any of these hearings?

Ms. **O'Loughlin**. I believe he has, but I report directly to him on these hearings when he is unable to attend.

Senator **Moynihan**. Why don't you do us a favor—we have been holding these hearings all year—call Mr. Rolston and ask him. Ask him if he has ever been to one of our hearings. I have never met him if he has. Have I ever met him?

Ms. **O'Loughlin**. I am not sure.

Senator **Moynihan**. Who is his boss?

Ms. **O'Loughlin**. Wayne Stanton.

Senator **Moynihan**. Wayne Stanton? I have heard his name; I have met him. He has been to Washington from time to time, I think. And who is your boss?

Ms. **Ashcroft**. Mine?

Senator **Moynihan**. Yes.

Ms. **Ashcroft**. I work in the Office of Family Assistance for Catherine Bertini, who was recently appointed Director of the Office of Family Assistance. Her superior is Wayne Stanton.

Senator **Moynihan**. The mysterious Wayne Stanton emerges again. Fine. [Laughter.]

Thank you very much. I was just curious. As I said, our first witness is necessarily delayed on the House side. We have a vote, and I had better make that vote right now. So, I will be gone and take just a quick turnaround; and I will be here when Representative Roukema is, and we will continue the hearing then.

I thank you very much. You are welcome at this committee.

We will stand in recess for about eight minutes.

[Whereupon, at 10:20 a.m., the hearing was recessed.]

AFTER RECESS

Senator **Moynihan**. Good morning again. Representative Roukema has not yet arrived. She has got the same conflict of many engagements that we have on this side. We very much look forward to her testimony. The moment she does arrive, we will ask our guests if they would be considerate enough to put aside their testimony for the moment.

To get going with the day, I would like to welcome my colleague, neighbor and friend, Senator Bradley. Would you like to make an opening statement?

Senator **Bradley**. Mr. Chairman, I don't have an opening statement. I simply wanted to say that this panel and the hearing today are very important. I hope that we will move a bill this year. I think child support is a very important part of that bill. As you know, we have worked together on this issue in the 1984 child support amendments and also in Title I on this bill, We have made a number of very important steps forward in this bill, one of which is immediate wage withholding.

Senator **Moynihan**. Immediate wage withholding. Yes.

Senator **Bradley**. And a number of other reforms related to paternity. So, I am anxious to get on with the hearing.

Senator **Moynihan**. As are we. I should have said earlier—and I apologize to everyone—that Senator Bentsen would normally be chairing this hearing; but he is necessarily delayed at the summit meetings on the budget and has asked that we do this. Now, we are just going to proceed one at a time, inasmuch as we are waiting for Representative Roukema.

I wonder if Stephen Heintz, who is the very distinguished Commissioner of the Connecticut Department of Income Maintenance, could commence? Commissioner, this is not the first time you have been before us in this room on this subject. You appeared with a number of your colleagues in the subcommittee hearings earlier in the year, and we remember that with great appreciation. We look forward to your testimony this morning.

STATEMENT OF STEPHEN HEINTZ, COMMISSIONER, CONNECTICUT DEPARTMENT OF INCOME MAINTENANCE, HARTFORD, CT, ON BEHALF OF THE AMERICAN PUBLIC WELFARE ASSOCIATION

Mr. **Heintz**. Senator, thank you very much. I am very pleased to be here, to be before you and Senator Bradley; and I appreciate the opportunity to offer testimony on welfare reform this morning, in particular S. 1511, Senator Moynihan, your Family Security Act of 1987.

Senator **Moynihan**. Might I just say that it is the committee's bill; it is the bill of the governors; it is the bill of 56 members of the Senate?

Mr. **Heintz**. We know how hard you have worked on it, Senator, and we commend you for that effort. We have submitted written testimony for the record, and I would like to just briefly summarize this morning.

Senator **Moynihan**. It will be included in the record.

Mr. **Heintz**. Thank you very much. We believe that there are a number of excellent provisions in the legislation that you have crafted and, in fact, we have at the National Council of State Human Service Administrators adopted a resolution supporting this bill and H.R. 1720 in the House. We would like to see some further work done as the bill moves forward, and we would like to support some amendments; and I would like to discuss some of those changes with you this morning.

Let me say, though, again that there are a number of provisions that we are very supportive of. We are very pleased——

Senator **Moynihan**. Mr. Commissioner?

Mr. **Heintz**. Yes, sir?

Senator **Moynihan**. Just as you would expect, just as you got going, Representative Roukema has arrived; and I think it would be nice if you could step aside as we formerly agreed upon, and we will get right back to you.

Mr. **Heintz**.Yes, sir. I would be delighted.

Senator **Moynihan**. Representative Roukema, we welcome you to this committee, and you have a friend on this committee—you have many friends on this committee—but a special friend from New Jersey, who would like to say a word before you begin.

Congresswoman **Roukema**. Thank you.

Senator **Bradley**. Mr. Chairman, I would just like to welcome Congresswoman Roukema to the committee, and I look forward to her testimony. She has had a long interest in this issue, and I think she should be very pleased with the bill that we have put out because it does include a provision on immediate wage withholding, which I know is something that you have argued for for a long time. I just want to tell you how much I appreciate your interest and contribution to this area.

STATEMENT OF HON. MARGE ROUKEMA, U.S. CONGRESSWOMAN FROM THE STATE OF NEW JERSEY

Congresswoman **Roukema**. Thank you, Senator Bradley, for those very kind words; and certainly, both Senators have been strong supporters of the child support enforcement amendments and that landmark legislation of 1983, and we are very grateful for that. But we are moving forward in a new direction, much beyond those initial reforms; and I am here really to speak to not only the question of the reforms in your bill, Senator Moynihan, but also what the prospects are for passage in the immediate future.

I assume that I must ask unanimous consent to have my remarks put in the record. Is that correct? Those are the ways of the House, Senator.

Senator **Moynihan**. You have only to indicate your slightest wish. [Laughter.]

Congresswoman **Roukema**. That is very courtly of you.

Senator **Moynihan**. Of course, that will be done.

Congresswoman **Roukema**. I would like the full text of my remarks to be included in the record. To summarize them, they are in strong support of your efforts here on behalf of welfare reform and, in addition, the child support enforcement amendments that are a component of that welfare reform measure.

However, today I would like to limit my remarks to the context in which we are considering welfare reform and child support enforcement in the present instance.

And by that, I am referring to the fact that not only has the world changed, since the stock market events of the last week to two weeks, but the way Congress is looking at legislation has inevitably changed. As we all know, this week we have seen the President, as well as leaders in both the Senate and the House, agree in principle through a bipartisan approach—a so-called "summit" approach—as to how we reach a deficit reduction package.

It is in the context of that incentive and that goal that I would like to speak to the subject of the child support enforcement amendments today.

Senator **Moynihan**. Good.

Congresswoman **Roukema**. It is understood, Senator, that your bill in toto is an excellent welfare reform bill. I would like to see it passed this year quite frankly. I don't know if that is feasible, however; I don't know how realistic that is. I don't know if, in the context of budget reduction, we can find a package that can pass and still be accepted in the context of the $23 billion or more that we need to meet our deficit reduction goals.

However, the child support enforcement amendments deserve support under any circumstances; and if indeed we are not able to reach the goal of welfare reform this year, then I believe that we should include child support enforcement as part of a reconciliation package and a deficit reduction package. And that makes sense from two perspectives.

In the first place, true enforcement reform will be a net deficit reduction plus because it is estimated by various groups that there will be maybe $100 million net profit, so to speak, from proper child support enforcement.

Senator **Moynihan**. You mean $100 million in benefits not paid because they are not needed?

Congresswoman **Roukema**. Saved. Actually in the administration and in the cost to the States and to the Federal Government, it could be $100 million plus.

Senator **Moynihan**. Yes, CBO estimates at least that.

Congresswoman **Roukema**. Yes, at least.

Senator **Moynihan**. And very early on.

Congresswoman **Roukema**. So, as part of a reconciliation package, it should be understood to be appropriate to reconciliation because it is not an added expenditure or cost to the Federal Government. In addition, as much as child support enforcement is a component of welfare reform, it goes much beyond the welfare reform issues that we are addressing and is an issue of simple justice for millions of American families, women and children, who may fall under the welfare rolls or who are indeed in every economic status in our society. We are talking about millions of people who have legal child support orders, which are not being collected, and should be collected so that, whether it is considered welfare reform or whether it is considered reform and equity on its own terms, it is a matter of simple justice for those families. And therefore, I believe it belongs in legislation passed this year and should not be held hostage to the politics that may be going on with respect to welfare reform and the deficit reduction package.

Presently in the House, we are going to be considering a reconciliation package, and that will probably be coming on the floor tomorrow. We cannot predict precisely what will happen, but welfare reform will be wrapped in that reconciliation package. It will be a contentious issue since there is no clear indication as to how the cost of that package will be balanced within reconciliation; but it is my intention to offer an amendment that would permit the passage of child support—I mean that inclusion in that package—regardless of the welfare reform issue in and of itself.

I would hope, Senator—and it is my reason for being here today—not only to commend you for the work that you are doing but also that, as this legislation sees its way through the legislative process on the Senate side, if we are not successful in passing welfare reform, that the child support enforcement component will be protected under any circumstances.

Senator **Moynihan**. That is a very straight-forward proposition and somewhat, I would have to say, discouraging one. I hope you haven't given up entirely, but you have been so much associated with this matter. As you know, on our side—and I think it is true on both sides—the first year cost of our bill is only $87 million; and it is provided for—and is specifically fenced, as we say on our side; we do use that term in budget matters—the money is in the budget. I think you make an excellent point when you say that part of this bill saves money.

It doesn't just save money, but it sends the right moral signal. You can't have children and walk away from them in this country, as we have been getting into the habit of doing. Senator Bradley?

Senator **Bradley**. Mr. Chairman, let me thank Congresswoman Roukema for her testimony. I want to follow a little bit on what you have said. As you know, a premise of the welfare reform bill—and I think thought generally about welfare reform outside this committee—is that it has to deal with child support enforcement first, as Senator Moynihan said; but then, if you are going to deal with the problem, you also have to have some enhanced training for people so they can upgrade their skills, get a job, go to work, get off of welfare, and you also need a day care component for a lot of women who work and who would work if they had some day care. A basic rationale of this bill is that the savings that come from child support enforcement can be used to provide the enhanced training and some day care.

So, if you take the money saved in child support and rip it out of the bill, it presents a problem as to how you would fund enhanced training or the day care services.

So, I don't think that you have any disagreement here on the basis of the emphasis on child support and the necessity of child support, but it is a part of the total package; if you pull it out, then you have to find another $100 or $200 million in training and child care. I don't know, in this environment, where we would find that; I think welfare reform would then be in danger.

Congresswoman **Roukema**. Senator, let me speak to that issue and make a few observations. I hope I didn't sound as pessimistic as Senator Moynihan understood, except that we are talking on the House side not of—is it $2.8 billion?

Senator Moynihan. $2.8 billion, yes.

Congresswoman Roukema. On the House side, we are——

Senator Moynihan. Excuse me. It is $2.3 billion.

Congresswoman Roukema. $2.3 billion, and on the House side, we are speaking about $5.8.

Senator Moynihan. Right.

Congresswoman Roukema. Which is a significant difference. I am simply saying that, realistically, in the circumstance of the summit to reach a $23 billion plus deficit reduction package, it may prove to be an impossible situation.

On the House side, there is no quid pro quo relating to child support in terms of paying for the package. I do not believe that the lynch pin of the Senate bill is really the savings on child support. I think there are some other factors there. However—and here I go back to the question that we must all face as policy-makers—we must also recognize that we are speaking about millions of other women and children who are not presently on the welfare rolls but do need that simple justice because they hold their legal child support orders, and they are working very hard to stay off the welfare rolls.

So, I think this help is necessary sooner, rather than later. I simply don't want to see it held hostage if the event occurs that the negotiations break down and we are not able to do the right thing, which I think would be to pass a welfare reform package that does meet the deficit targets. If that doesn't work out and with the uncertainty in the markets and the uncertainty in those negotiations, I am simply making a plea that we do simple justice for all the other orders that are out there.

Senator Bradley. So, your recommendation to us would be to try to do the welfare reform package that we have?

Congresswoman Roukema. Yes.

Senator Bradley. And keep child support in that package?

Congresswoman Roukema. That is the first objective.

Senator Bradley. The first? Then, if it looks as if welfare reform is not going to happen, then you would urge us to remove the child support enforcement provisions?

Congresswoman Roukema. Correct. Nothing I have said should diminish our support for a welfare reform package.

Senator Bradley. That has child support as a part of it?

Congresswoman Roukema. Absolutely.

Senator Moynihan. Clearly stated. A number of colleagues have joined us. Representative Roukema has just been talking to Title I issues. Senator Chafee or Senator Mitchell, would you like to address this matter?

Congresswoman Roukema. Senator, excuse me. There are two points that I think should be made, and I would be derelict if I did not make them. Senator Dole, your colleague, is a Senate cosponsor of my amendment package that was introduced, and he introduced it on the Senate side.

I would also like to point out, Senator Moynihan, that your bill is far preferable to the package on the House side. It is stronger and it is consistent with the amendments that I put forth in a couple of areas, primarily in the fact that it requires mandatory wage garnishment with the handing down of the legal child support order. The House provision unfortunately—the House Ways and Means provision—is not as strong and not as direct. It is only indirect incentive to the States with regard to wage garnishment; and I certainly hope that the Senate is going to hang tough on this particular issue because it is the lynch pin of true reform along, of course, with the interstate interceptor program.

Senator **Moynihan**. I think we can promise you that.

Congresswoman **Roukema**. Thank you.

Senator **Moynihan**. Senator Mitchell? Senator Chafee?

Senator **Chafee**. No, thank you, Mr. Chairman.

Senator **Moynihan**. We thank you very much for your courtesy in coming over, and we would like to congratulate you for all you have done in the past in this field. You have legislation on the books. We thank you, and we will pursue the matter further.

Congresswoman **Roukema**. Thank you, and I congratulate you for your leadership, Senator.

Senator **Mitchell**. Mr. Chairman, I have an opening statement that I would ask be made a part of the record. To expedite the hearing, I won't read it now. I merely want to commend Congresswoman Roukema and yourself, particularly for the leadership you have demonstrated in this area. This is the first effort to achieve comprehensive welfare reform in a half-century. There have been many previous piecemeal efforts over the past several decades, and I think the force that you have brought to this issue, the vigor with which you have pursued it, placing it in the forefront of consideration, are all commendable; and I hope very much that we are finally going to see legislation that, for the first time, is comprehensive and combines basic concepts with the needed resources to meet the task.

Senator **Moynihan**. Thank you. I just want to say that earlier, when you were on the floor, I remarked that last evening a brilliant work of legislative craftsmanship that you and Senator Durenberger and Senator Heinz—with you as the manager—and Mr. Chafee produced the catastrophic health insurance for 32 million senior Americans. The question is whether we are going to be able to do something equally important for children.

This week it was announced that there would be a 4.2 percent cost of living adjustment for retirement benefits. Since only children's benefits are not indexed, that translates into a 4 percent reduction for children. Our record over 17 years is not impressive: by failing to require indexing of AFDC benefits, we have cut Social Security benefits for children by one-third. Congresswoman Roukema, we thank you.

Congresswoman **Roukema**. Thank you for your courtesy.

Senator **Moynihan**. We now have a panel that consists of Ms. Linda Wilcox, who is Director of the Division of Welfare Employment, Department of Human Services of the State of Maine; Mr. Stephen Heintz, our friend from Connecticut who was already before us for a few moments; and Ms. Ann C. Helton, who is Executive Director of the Child Support Enforcement Administration, Department of Human Resources in Baltimore, Maryland, speaking on behalf of the National Council of Child Support Administrators.

We welcome you all. Ms. Wilcox, your Senator, the distinguished Senator from Maine is here. Perhaps he might want to say a welcome.

Senator **MITCHELL**. Thank you, Mr. Chairman. I am pleased that, among the witnesses today, is Linda Wilcox, who is the Director of Maine's Welfare, Employment, Education and Training Program. That is a WIN demonstration program. It is known by its acronym, WEET, in Maine. It has been operating for over 5 years and, through its individualized case management system, has been highly successful in helping AFDC recipients obtain the education and skills necessary to become self-sufficient. Ms. Wilcox, I thank you for coming here today and for sharing with us your experiences with the WEET Program in Maine.

Ms. **WILCOX**. Thank you, Senator.

Senator **MOYNIHAN**. Mr. Durenberger has come in, after a triumphant evening on the floor last night. Would you like to say something?

OPENING STATEMENT OF HON. DAVE DURENBERGER, A U.S. SENATOR FROM MINNESOTA

Senator **DURENBERGER**. Just briefly, Mr. Chairman. We have been ecstatic in Minnesota by what happened when a bunch of young people made believers out of all of us.

Senator **MOYNIHAN**. Oh, yes.

Senator **DURENBERGER**. You may think the only thing that went on yesterday was catastrophic, but a million Minnesotans turned out to cheer the impossible.

I was reminded, appropos of this hearing this morning, that a week ago, when I wasn't sure we were going to be the World Series winners, we were thinking about other things. There was an important article that I am going to make part of the record here in The Washington Post entitled "Fewer Students May Make the Grade; Poverty Language Home Life Raise Barriers to Graduation." It talked about a kindergarten class in St. Paul, Minnesota, and how 53 percent of the kids in the class of the year 2000 lived in single parent households, and 81 of these kids—49 percent, almost 50 percent—lived in homes where either both adults are unemployed or the single parent is unemployed, and a lot of those other things.

When you put in context that kind of information about 5-year-olds, the class of 2000, and across town, the class of about 20 years ago is performing some of these miracles, you would like all of those people to have that same opportunity. And yet, it is a struggle to get there.

I think what we have been doing here is working to change attitudes in this country about the income maintenance system, and about the opportunities that a good income maintenance system should insure. A good social insurance system, in effective work savings and investment in America, should be goals for everybody in this room. Certainly these are the goals of people who have worked to make the income maintenance system in this country work better.

Senator **MOYNIHAN**. Could I just say, Senator Durenberger, that your not-distant neighbor in Minneapolis has indicated that now one-third of the students in the school system are on welfare. That is astonishing. Perhaps we will let the people who work with this hands-on tell us more about it.

STATEMENT OF LINDA A. WILCOX, DIRECTOR, DIVISION OF WELFARE EMPLOYMENT, DEPARTMENT OF HUMAN SERVICES, STATE OF MAINE, AUGUSTA, ME

Ms. Wilcox. Thank you, Senator. In many significant respects, our WEET Program closely resembles the Jobs Program in the Family Security Act. We applaud the subcommittee for having drafted legislation that substantially changes the fundamental purpose of public assistance.

Moving away from limited income maintenance and moving toward comprehensive support for family independence; at the same time this legislative obviously reflects the funding constraints imposed by the Federal budget deficit. We realize this has been a very difficult task.

From our experience, we strongly endorse the following provisions in the bill: the wide range of education and training services; the support for assessment, contracting, and case management; the funding for child care and other support services; targeting of these services to the most disadvantaged welfare recipients; the continuation of child care and medical assistance after employment begins; and policies for automatic income withholding and paternity establishment.

I wish to speak today specifically about one provision in the bill, the disparity in the Federal matching rates for job programs activities. A 90 percent rate has been established for the first tier funding for the operation of the jobs program, with the exception of the following administrative activities: participant assessments, case management services, and developing agency participant contracts. These activities are to be reimbursed at a rate of 50 percent. While we fully support a 90 percent reimbursement rate to encourage States to invest in substantive education, training, and job search activities, the 5½ years we have spent providing professional individualized case management to Maine's AFDC recipients have convinced us that this is the most critical service we have to offer in helping participants break out of the cycle of poverty and dependency.

The availability of education and training programs and the provision of financial support for child care and transportation, while necessary components in any welfare to work program, are of themselves not sufficient for many welfare recipients. Their needs must be identified and matched to existing programs. Entering into these programs must often be negotiated, and counseling must be available to deal with the personal crises that characterize the lives of low income single parents.

A woman dependent on public assistance can easily lose confidence in her ability to provide for her family without welfare. Feelings of victimization, fear of failure, and lack of self-confidence make risk-taking very difficult.

The case manager provides the encouragement, support, and confidence building that so many welfare women need to succeed. In a world comprised of a maze of human service, education, and training agencies—all with their own entrance requirements, rules, and organizational expectations—the case manager is often the one person the welfare recipient can rely on to help make her way toward independence.

The foundation of our WIN demonstration is in the case management system. Each participant is assigned an employment counselor with whom she works closely through initial assessment, career exploration, planning development, training, and job placement. For case management to be effective, we have found the following elements must be present: a thorough, on-going assessment of both the participant's need and potential, an ability to solicit the participant's preferences in developing a contract, a knowledge of community resources, a willingness to move at the participant's own pace, and the development of a trusting and cooperative relationship.

I have included an actual example of case management that incorporates these elements in my written testimony that I have submitted to you.

Senator MOYNIHAN. Yes. It is a very, very moving case.

Ms. WILCOX. A woman who had been on AFDC for 4 years and who had been initially assessed as unemployable was able to overcome her personal barriers and find a job through the compassionate and skilled intervention of her case manager.

Our current employability plan incorporates the requirements of the participant agency contract. Each step the participant will take is preceded by a signed agreement, specifying what the participant will do and what the case manager will do. We have found this clear statement of the responsibilities of both parties to be an effective mechanism for structuring the participant's movement toward independence.

We have also found that a high level of skills is required in developing and monitoring these contracts.

Three out of four of the groups that the Act specifically targets—long-term recipients, welfare repeaters, and teen parents who have dropped out of school—are especially in need of these assessment case management and contracting services.

For these reasons, we strongly recommend that Congress encourage States to provide these critical services by matching State costs at the rate of 90 percent. Thank you.

Senator MOYNIHAN. That was stated with the economy and directness we have come to associate with the State of Maine.

Ms. WILCOX. Thank you.

Senator MOYNIHAN. And also the persuasiveness. We are going to hear from each of our panelists, and then we are going to talk about it generally. Commissioner Heintz, if you would resume, sir?

[The prepared statement of Ms. Wilcox appears in the appendix.]

Mr. HEINTZ. Yes, sir. I had started earlier, but let me reintroduce myself for the new members of the committee who are with you. I am Stephen Heintz; I am Commissioner of the Connecticut Department of Income Maintenance. I am here not only representing my own State and my department, but also my fellow commissioners and their organization, the American Public Welfare Association.

We are here to talk about S. 1511, to suggest those areas where we feel that the bill is very strong, to offer some comments where we think the bill might be strengthened further.

I would like to start by saying that my colleagues and I are very pleased that the bill does place such a strong emphasis on child support enforcement. We agree with Senator Moynihan and other members of this committee that parental support is the first line of defense against public dependency. Stressing child support enforcement not only accomplishes a recruitment of financial support that may have been paid, but it makes a statement about what we as a society feel the role of parents ought to be.

It is a central value in our society, and it ought to be a central element of our public policy.

We also applaud the mandatory coverage of two-parent households. In 24 States, children are not eligible for assistance simply because they enjoy the benefit of having two parents at home, and the only way those children can gain support from the welfare system in those States is if one of those parents should leave. It is simply nonsensical to continue to penalize children in families with two parents.

We are encouraged by the efforts of this committee and particularly Senator Moynihan to make this a bipartisan bill, and we are very encouraged by the number of members on both sides of the aisle who have cosponsored the legislation.

Poverty is not a partisan issue. Policies to better serve children should not be a partisan issue. My colleagues in APWA represent Republican and Democratic governors, liberals and conservatives. We struggled for two years in our own effort and produced a bipartisan report, which many of you have seen, called "One Child in Four."

Senator Moynihan. We surely have seen it. It helped us very much.

Mr. Heintz. Thank you, Senator. I appreciate that, and we would like to move forward with welfare reform in that spirit of bipartisanship, which is a tradition in this Finance Committee. My colleagues and I view welfare reform in the context of the mutual rights and obligations of society and its citizens. On the one hand, parents are obligated to support their children; but on the other hand, Government must accept the responsibility to support and assist families who are either incapable of supporting themselves or who are working to become self-sufficient.

Within that context, we believe that welfare reform must include three essential elements: first, a comprehensive approach to self-sufficiency through meaningful welfare-to-jobs programs; second, a more compassionate, equitable, and rational system of cash assistance benefits; and third, improved administration and delivery of welfare services themselves. With regard to all three of these elements, we believe that S. 1511 can be strengthened, and we would like to offer some suggestions for your consideration.

We are pleased that the jobs program in the bill would be supported by a two-tiered funding system that includes some open-ended funding. That is absolutely essential. The WIN demonstrations that have been accomplished in States like Maine and Connecticut and a number of others—I think some 20 States now—have proved that thoughtful, comprehensive, tailor-made welfare-to-jobs programs can work. They need a stable and adequate base of Federal support to ensure that we continue on on the path that we have trailblazed so far.

These are Federal dollars very, very well spent; in fact, they yield savings, as we help people become self-sufficient.

But if participation in work or education and training toward work is to be mandatory, as we agree it should be, we must pay very, very close attention to Government side of the agreement, to the support that Government must give to families as they move forward.

The jobs program must be comprehensive. It must allow States flexibility to design a program that meets their particular and peculiar economic circumstances, but it must also meet the clients where they are. If they need remedial education or basic skills or on-the-job training or supported work and grant diversion, we must be able to provide those services. Under the language of S. 1511, a State may include that full range of activities; we think it is very important that States be required to recognize education and training as a part of a welfare-to-jobs program and not simply be allowed, for example, to sponsor a job search program and call that welfare-to-jobs.

That won't work to help today's recipients move into the jobs of today and, more importantly, the jobs of tomorrow that provide long-term career opportunity.

The agency side of the contract must also include essential support services, especially in the area of child care. The language of the bill says that those required to participate must be assured of child care. We would urge that that language be strengthened to say that they must be guaranteed child care. It is simply impossible for a mother, a single parent, to meet her dual responsibilities, responsibilities that we all agree are so important: on the one hand to take care of her children and to be a good parent, and on the other hand to go out and gain the education and training and work to become self-sufficient, if child care is not guaranteed as part of that equation.

If I may be permitted a few more minutes, Senator?

Senator MOYNIHAN. Please, go ahead.

Mr. HEINTZ. My colleagues and I believe that the mutual obligations of society and its citizens are best expressed in written client/agency agreements and best accomplished through case management services. And as S. bill 1511 would provide, the process should start with a comprehensive assessment undertaken by both the agency and the family of its total needs and a family support plan developed and a written agreement signed.

We think that those written agreements ought to be required in all States, as well as case management, so that good welfare administration will be accomplished in all States, fairly, equitably, and effectively.

My last point, Senator, and I know I am beyond my time is that we believe—

Senator **Moynihan**. You are speaking for 50 States. So, take your time.

Mr. **Heintz**. Thank you very much. I appreciate that.

We believe that the final issue that must be addressed in welfare reform, especially as we think about the economic future of this country and the lives of children in that economic future, is the issue of benefits. It must be a critical element of this new social contract that we are all defining. In our view as welfare commissioners, it is reasonable to expect able-bodied parents to work or to get the education and training that leads to work; but families who are engaged in that effort, which is a very intimidating, difficult process, deserve to be supported at a level that provides for the health and safety and decency of their children.

We all know that current benefits, as we look across the 50 States, are insufficient. We know that the current benefits structure is terribly cumbersome, and we know that it is out of date and that, in fact, it does not reflect actual needs.

Senator, as you pointed out this morning and many times in the past, the value of the AFDC dollar has dwindled by a third just since 1970. And frankly, we think that it is time to redress that issue, especially if we are headed into bad economic times. If a recession is coming in the next several years, or five years or whenever it may strike, it is important that we put in place today the kind of mechanism that will protect children against the suffering that occurred in the last recession. We know, though, that it costs more to live in some parts of the country than in others; and so, while we considered a national minimum benefit standard as part of our recommendations, we decided not to recommend it. It simply may cost more, and if we had a minimum benefit that was adequate to support a family, for example, in rural Tennessee, we know that that same benefit would not be enough to sustain a family in downtown Hartford, Connecticut.

So, we proposed, as did our governors, a nationally mandated but State-specific family living standard based on the actual costs of meeting those goods and services necessary to sustain families. The family living standard would replace AFDC; it would replace food stamps; and it would replace low income energy assistance as they are available to families, thereby also greatly simplifying administration.

Cash assistance then would make up the difference between earnings, between child support payments, and other income through the family living standard concept, which is very consistent, Senator, with your view, that cash assistance ought to be the last resort after parental support and earnings. The benefits would be based on the principle that it must always be more profitable to work than to rely on welfare; and in recognition of the current fiscal constraints, we recommended this approach be phased in over a ten-year period.

Now, Mr. Chairman and members of the committee, if in 1987 we must put off a more equitable, fair, and appropriate system of benefits, like the family living standard, that is a political judgment and a fiscal judgment and is up to the Congress to make that judgment. But if so, if we must put it off, which I hope we will not, we urge you at the very least to amend S. 1511 to include language requiring a study by the National Academy of Sciences of the family living standard and move forward, realizing that we must come back to this issue and protect these children from reductions in the purchasing power of their benefits and from the suffering that results.

A similar provision to that is included in H.R. 1720, and we would urge your consideration of it here.

In concluding, I am very concerned that this window of opportunity that we have had last year and this year may soon close, and we may find ourselves waiting for another decade, as we have waited through the past ten years.

And if we don't address comprehensive welfare reform today in this year in this session of the Congress, when a recession hits—and I hope it doesn't hit for years to come—if we haven't accomplished welfare reform, the people who will suffer the most are single parents and children as they suffered in the past recession. And if we do not include some effort to address the benefit package, even if it is only a study, we will not have accomplished welfare reform in this session. So, I want to conclude by stressing how important it is that Congress act this year, even in the current environment of budget deficits and fiscal summits.

It seems that almost every day there is new evidence of the persistent and devastating poverty in our midst. Yesterday's evidence was the study by the Harvard School of Health about the suffering of hunger in our country. As you have said, Mr. Chairman, we have unfortunately distinguished ourselves by becoming the first society in history in which the poorest segment of our population is the children. Our children must not wait for another time; indeed, they cannot. Thank you.

[The prepared statement of Mr. Heintz appears in the appendix.]

Senator **Moynihan**. Thank you, Mr. Heintz. While you were speaking, Mr. Commissioner, your colleague, Mrs. Helton has been agreeing and is indicating that. We welcome you this morning, Mrs. Helton.

Ms. **Helton**. Thank you.

Senator **Moynihan**. And you are speaking on behalf of your national association, the National Council of Child Support Administrators.

STATEMENT OF ANN C. HELTON, EXECUTIVE DIRECTOR, CHILD SUPPORT ENFORCEMENT ADMINISTRATION, DEPARTMENT OF HUMAN RESOURCES, BALTIMORE, MD, ON BEHALF OF THE NATIONAL COUNCIL OF CHILD SUPPORT ADMINISTRATORS

Ms. **Helton**. Yes, thank you, Senator Moynihan. My name is Ann Helton. I am the Director of the Child Support Enforcement Administration for the State of Maryland. I am speaking, however, today as the immediate past president of the National Council of State Child Support Administrators.

It is nice to walk into this room where you have already strewn rose petals about this program and to hear what is music to our ears, and that is something we have all well known and other people are coming to know, and people like yourself and Senator Bradley have known, and that is that we are the income maintenance program of the next decade. That is, we will be expected to fulfill some portion of the cash needs of families.

I am not disinterested in welfare reform in general. I am part of a welfare reform team for the State of Maryland under the able leadership of Secretary Messinga, and we expect to move forward. We are sorry that New Jersey got there ahead of us, but we are preparing our own welfare reform activity.

The good news is that the child support directors in the 50 States and four territories have reacted quickly, with a lot of enthusiasm and spirit to what Congress is trying to do and, in particular, your bill, to make child support a more visible partner in welfare reform.

Quite frankly, I was not sure what to expect from them because, in the past, there has been concern about what we are doing and are we just doing it well; are we doing it poorly; are we wasting money? I see that you are now looking beyond that to say: We want to make sure the linkage is in there in all the States to make sure that you help contribute to families.

You have given us, or rather this program, almost pedestal-like status. However, we feel our job is to take your bill and to realistically view it in light of what we are doing, what we are capable of doing, and whether or not we can deliver on the expectations. We think that is our job, and we think that is why we should talk to you about it.

We want to couple your hope for improved services with improved management; and we, too, would like to serve more people and do it better. We believe that the major provisions of S. 1511 are very, very good; and I will mention quickly that the centerpieces of that positive effort are: immediate wage withholding. I was a bit surprised that States took up that gauntlet as they did because some of us are really just starting to feel the effects of the 1984 amendments regarding wage withholding, and they are positive. But we also know that over 50 percent of our cases at one time or another will be in arrears; and why are we kidding ourselves by waiting 30 days, which is what the minimum Federal requirement is today? We fully support immediate wage withholding; and in fact, we would like not to have a good cause section, rather preferring that the only exception to immediate and automatic withholding be when both parents agree to make another agreement.

Second, we thank you for your emphasis and full support on automated systems. I am here to tell you today that the one major hurdle to implementing the 1984 amendments, and would be so also with your progressive moves in S. 1511, is the lack of automation. We thank you for your continued support of preferential funding in that area, although limiting it to a point where you either get in it or you are out of it; and we think that that is good.

You have tried to grapple with the paternity problem, and I use the term prejoratively because nobody really seems to be able to put their finger on the paternity problem. I can openly admit to you that all States do not do a strong and good job of establishing paternity. None of us need to name names; we need to look to ourselves about what emphasis we are putting on paternity.

I know that Congress as a whole has been concerned about what are we doing and are we doing enough? Paternity is definitely a lynch pin to welfare reform. The Council, however, does have a slightly differing approach in that we would think that the total piece of paternity ought to represent a carrot and a stick approach—carrots being how to better fund the paternity pieces, and the sticks being tighter and more clear mandates for all State laws to improve the paternity establishment.

I have provided a prepared statement for the record.

Senator MOYNIHAN. It will be included.

Ms. HELTON. I want to reiterate that I am glad to hear you say that we help pay our own way; and that as a program, if you feel forced—and I hope you will not—to dismember any portions of this approach, remember that we are an investment with an incentive for children.

[The prepared statement of Ms. Helton appears in the appendix.]

Senator MOYNIHAN. And you are a moral statement as well, I think.

I thank this panel very much. I know that my two colleagues have to be in three other places, and I would like to ask if they wouldn't wish to make some comments first. Senator Chafee?

OPENING STATEMENT OF HON. JOHN H. CHAFEE, A U.S. SENATOR FROM RHODE ISLAND

Senator CHAFEE. Thank you, Mr. Chairman. First, I think this has been excellent testimony. I was particularly interested in the point that Ms. Wilcox made about the contract that you have between the welfare recipient, or the client if you would, and the State and setting for the duties of each. That is extremely interesting; and Mr. Heintz echoed that as well. I think another point was interesting, and I must say this is a learning experience certainly for me here, and that is the experience that Maine has is apparently duplicated in the Nation.

And that is that the majority of teenage dropouts from school who subsequently become pregnant are not pregnant when they drop out of school.

Ms. WILCOX. That is correct.

Senator CHAFEE. Then the required to live at home point that you were making. I certainly agree with that. Is that part of the legislation, the requirement to live at home? I think the point you made is a good one, that frequently there is stress and difficulties at home; and that is probably the worst place, or at least not a very good place, for the person to be.

Senator MOYNIHAN. I think we have presumption.

Senator CHAFEE. The presumption?

Senator MOYNIHAN. The understanding that there are times when that is what you don't want.

Senator CHAFEE. Yes. Now, let me ask your experience on a problem. I saw the other day, a statistic that Maine has the lowest unemployment it has had in 31 years, which is extraordinary. The key point you made was the necessity for a good counselor and for the counselor/client relationship that is so important. Can you get the good counselors?

Ms. Wilcox. Yes, Senator, we certainly can.

Senator Chafee. That is very labor intensive. In your illustration of April Spring, or whatever her name was——

Senator Moynihan. Smith.

Senator Chafee. April Smith. The time that that counselor took—three visits—just to get her to realize that her overweightness isn't going to keep her from getting a job, and on and on it went.

Ms. Wilcox. But I think the critical element here is that we must have the resources to allow them to have small enough caseloads so that they can do this kind of intensive work; and I think, as we are working with our clients with multiple needs, the need for that kind of work increases. I think probably you all know that a high proportion of AFDC recipients are going to go off the rolls within two years by themselves, with no help from programs like ours. That is why the funding level is so critical if we are going to really make an impact on that part of the population who will not be able to get off on their own.

Senator Chafee. I suppose there is greater satisfaction when the counselor can work with fewer people rather than having a mass of counselees that he or she can't work with adequately. I must say there was a note of discouragement through your testimony, when you stated that those that you have gone to all this work with and gotten them jobs, I think you said something like one-third of them subsequently dropped out or lost their job for one reason or another. I wasn't sure over what period that was, and you didn't give it.

You said: "A follow-up survey of WEET participants who got jobs found that one-third of them were no longer working." Over what period was that?

Ms. Wilcox. That was over a 15-month period. We interviewed our former recipients 15 months after they had gone to work. And in fact, I think that that job retention rate is quite high. The other way to look at that is that two-thirds of the participants were still working; but I agree with you, Senator, our real concern is with the one-third who had to stop working and the reasons for that. I think essentially the reasons are because the kinds of jobs welfare recipients can get in a State like Maine, even with the resources we have to bring to our program, they are very risky jobs. Only 40 percent of our clients are getting jobs with health benefits. AFDC recipients are earning just enough to get off of AFDC; when they do, they lose their Medicaid as well.

Senator Chafee. I think that is a key point. I am interested in this program and what we are trying to do here because of what it is doing to the children of the country. I just feel that the failure to dissociate Medicaid from income support payments is a disaster for the country.

Ms. Wilcox. I think one of the most encouraging parts of the bill is the extension of both child care and medical assistance after someone goes to work.

Senator Chafee. My time is up, but I want to ask just one quick question. Each of you—or perhaps you and then Mr. Heintz—both of you have stressed the importance of day care for these recipients. Now, what worries me is that we sit up here and we will have day care programs, but we get into enacting a zillion regulations.

My question is: Are these regulations frequently self-defeating, in trying to require that the day care centers be run in such and such a manner, and the Government can't ever keep its hands off anything. The result is that we are discouraging their establishment. I suppose one of the big discouraging things we can't do anything about was this liability insurance problem that has come up over the past several years. That is separate, and we can't affect that; but is there over-Government regulation so that day care centers can't be established where they might perhaps be established?

Ms. WILCOX. This is not an area in which I am an expert. My understanding is that it is not an area that is overregulated. I think, however, we cannot expect the public—the Government—to take over the responsibility the parents have for determining what is in the best interests of their children. And I think one of the things we try to do in the WEET Program is to educate our client as to what to look for in good day care and then provide them with the funds for finding it.

I agree with you. I don't think publicly supported day care centers could possibly begin to meet the need for day care in this country, and I think we have to look for alternatives.

Senator CHAFEE. Thank you. Thank you, Mr. Chairman.

Senator MOYNIHAN. Thank you, Senator. Senator Mitchell?

OPENING STATEMENT OF HON. GEORGE J. MITCHELL, A U.S. SENATOR FROM MAINE

Senator MITCHELL. Thank you, Mr. Chairman. Just following up on Senator Chafee's comments and questions. While we in Maine are gratified at the decline in the unemployment, there is a continuing problem in the level of compensation for those employed and the fact that the unemployment figures increasingly include persons who are employed part time. The method of determining the rate of unemployment is imperfect because it lumps in as employed a person who may only be working far less than full time and, therefore, receiving compensation reflecting that level of work and also increasingly doesn't have the health insurance benefits that Senator Chafee so correctly identified. That is really one of the crucial aspects of the problem.

And you should know that we are working on that. We are going to try very hard in this session of Congress to deal with that problem, to make certain that people do not have an incentive to remain out of work in order to retain some form of health insurance.

On the question of case management, Ms. Wilcox, I want to ask a question regarding the administrative matching rate. Throughout its history, the WIN Program has been caught between two conflicting objectives, the first to immediately reduce welfare expenditures by quick job placement and the other to help individuals increase their ability to achieve self-sufficiency by improving their education and skills so that, once they do gain employment, they can remain there.

Now, this Act reduces the Federal matching rate to 50/50 for administrative functions such as case management and assessment in an effort to place more emphasis on actual skill development. My question is: Can you specifically define what you believe to be administrative functions and the role that case management plays in your WEET Program? And would it be possible for WEET to operate successfully without adequate case management?

Ms. Wilcox. To answer the questions in reverse order, no, we certainly could not operate the WEET Program as it exists today without good case management. I think that there certainly are administrative activities that are legitimately matched at a 50 percent rate—certain things like program planning and implementation, fiscal management, staff training—all the things we have to have in place to actually implement a program.

But in our minds, the activities that I spoke about earlier and that you just mentioned, Senator, they are our direct service. They are the services we are providing directly to clients, and I can't emphasize strongly enough that the only way to access education and training services for a large number of AFDC recipients is to provide them with this kind of support. I simply don't believe there are a significant number that are going to find the services on their own, and we need to do more than just tell them it is okay to get job training or to go to school and that we will provide you some child care and some transportation so that you can do it.

Senator Mitchell. I want to ask you just one more question, Ms. Wilcox, about the participation rates. We know that individuals with multiple barriers to employment can require expensive and sometimes long-lasting services, certainly for a longer period of time than some others who are more readily adaptable to the work programs.

Now, the administration has proposed and the committee is now considering imposing participation rates in this welfare reform legislation. There is some disagreement among members in both the House and the Senate as to whether mandatory participation rates in work programs would result in helping more people find jobs and leave the welfare rolls, or have the reverse effect of helping only those who are the most job-ready in order to meet the participation rates and neglect those individuals who would otherwise remain on the rolls for longer periods of time.

In your opinion, how would States be most likely to adapt to a jobs program that requires a certain percentage of the welfare population—say 20 or 30 percent—to participate?

Ms. Wilcox. I think it would entirely depend on the level of funding that would be available to States. I think the very worst position States could be put in is to be required to enroll a certain proportion of their AFDC population, but then not given sufficient funding to serve them adequately, to give them substantive services.

Senator Moynihan. May I interject that we are going to hear research findings later on in this hearing that will directly support what Ms. Wilcox just said.

Mr. Heintz. May I add a comment there, Senator?

Senator Mitchell. Go ahead.

Mr. Heintz. Thank you. I would like to make a strong statement against arbitrary and mandatory participation rates, especially if they are linked to sanctions as the Administration has proposed. They will lead States, out of desperation and a necessity to be in compliance, to take the easiest, quickest route, which may be just mandatory job search assistance, for example, and may in fact meet the compliance but will do nothing to prepare the welfare recipient for the long-term self-sufficiency and independence that we all want to achieve.

I think that, instead of mandatory participation, we need a program that gives States the funding and the flexibility and requires the kinds of activities that Ms. Wilcox has talked about, that we have all talked about, to prepare welfare recipients comprehensively for success in the job market and not for short-term placement and ultimate failure. And participation rates may drive that program to be skewed toward that short-term success.

Senator Mitchell. I would like to ask, if I could, one more question of Ms. Wilcox, Mr. Chairman.

Senator Moynihan. Yes.

Senator Mitchell. What percentage of the population receiving AFDC in Maine is currently participating in WEET? And what effect would a mandatory participation rate have on your program?

Ms. Wilcox. We are currently able to reach only 50 percent of the AFDC families in Maine. By that I mean that we have staff who are located in areas where 50 percent of the population could come in for service. Of the total AFDC population, only about 13 percent are actively working in the WEET Program at any time; and that, of course, is partly because of the fact we can't even get to the 50 percent of the population and another factor is the high proportion of AFDC recipients who are never registered with the WEET Program because they are assessed by the eligibility workers as having too many barriers, that they are essentially determined unemployable.

So, I can't do the math quickly in my head, but I think what is clear is that the level at which we are currently funded, we would essentially have to change the way in which we operate our program if anything approaching a 50 percent participation rate were established.

Senator Mitchell. Thank you, Ms. Wilcox. Thank you, Mr. Chairman.

Senator Moynihan. Thank you, sir. Senator Durenberger?

Senator Durenberger. Mr. Chairman, just one question. I won't delay the panel. We here are all asked: Do we support national health—we don't call it health insurance any more—but a national health plan? And the idea is: Is it even possible to provide health coverage for everybody? And the answer is not an easy one any more because it is not just one plan; it is a variety of approaches to ensure access to medical services and health services for all people through a variety of approaches.

But in the 1984 Child Support Enforcement Amendments, we required State child support agencies to—I think I can quote the law here—"petition for the inclusion of medical support as part of any child support order whenever health care coverage is available to the absent parent at a reasonable cost." Now, we have a recent

Census Bureau report that tells us that health insurance coverage was included in only 44 percent of the child support awards.

And I also understand that, even after medical coverage is awarded, there is not a lot of effort to find out whether this was ever actually enforced in any way. So, the question is: What is the problem? And what, if anything, can we do as a part of this reform effort to ensure that more children are awarded medical coverage and that the coverage will actually exist in terms of a support order?

Ms. HELTON. I think that, first of all, we would have to examine the reasons why only 44 percent. Remember that it has to be available to the employee. So, in other words, on some proportion of the orders, there won't even be that question. It won't be able to be ordered. Other than that, I think you could go into all kinds of dissections about the remaining percentages and why they didn't get it.

I would have to say that probably there is spotty—from talking with my colleagues—effort to do this. I know in my own State, when the policy was implemented and we later did some little quality control, to go around to make sure that they were asking for it as pro forma, matter of course, when they went to court—consent order or not—I found that there were prosecutors who had not yet bought into this or who were ignoring it. Consequently, I threatened not to pay them unless they did that. They were required to do it.

That got their attention, but I can tell you that, if you are in a very, very large State with lots of contracting for legal services, you will have to spend an inordinate amount of time making sure they have done it. We are having problems maintaining follow-up and enforcing on medical support orders. It is a huge problem.

The devious ways in which people will not comply with court-ordered medical insurance would amaze you. It is unbelievable. One man I know, who is covered under Blue Cross-Blue Shield, was required to have coverage for his children. He subsequently moved from one of the wealthy counties in Maryland to the City of Baltimore. He decided that he would change his package, and he bought into a small, virtually unknown HMO. The mother and child nonetheless were some 50–60 miles away. She had absolutely, virtually no access to the coverage.

Senator DURENBERGER. Oh, yes.

Ms. HELTON. We asked the people who administered that court order to take him into court for contempt because we felt it was de facto, that he had not complied. I was just giving that as an example.

Senator DURENBERGER. Yes. I appreciate that.

Ms. HELTON. There are a hundred ways for people to pervert and subvert medical insurance, and I think we have to become more savvy about how to overcome that.

And by the way, while you are back in the room, I would like to mention that the current President of the National Council is Ms. Bonnie Becker from your home State, who works very closely with——

Senator DURENBERGER. She did a lot on that 1984 legislation; Bonnie Becker did.

Ms. HELTON. That is correct.

Senator Durenberger. I am glad you recognized her.

Ms. Helton. I am here representing her and all the rest of them.

Senator Durenberger. Right.

Senator Moynihan. She would be here today, but she is out on the street, waving.

Senator Durenberger. Yes, her homer hanky, right. [Laughter.]

Senator Chafee. Mr. Chairman, I have a quick question for Ms. Helton. First, if I were going to be chased with a support order, I wouldn't want Ms. Helton to be the one chasing me. I will tell you that for sure. [Laughter.]

Second, one of the points you make is quite controversial here; and that is "improved paternity performance through mandatory blood testing." Now, that is probably the way you track down a lot of these fathers, if you can do it. Now, there are constitutional problems whether the person is testifying against himself through mandatory blood testing. We don't have much time. Could you answer briefly: Have you ever seen that in action? Do you know of any State where they do that? And how has it worked?

Ms. Helton. We do it in Maryland, although we presently have a new piece of little case law which has thrown us for a loop.

Senator Chafee. Suppose she has been friendly with a group of six and she names one of those?

Ms. Helton. She names all the possibilities.

Senator Chafee. She names the possibilities?

Ms. Helton. Yes.

Senator Chafee. And you track them down through mandatory blood testing—have you ever tried it?

Ms. Helton. Yes, sir. If they refuse to voluntarily submit to blood testing—because remember, in a paternity case, blood testing is the only empirical piece of evidence. There is nothing else. There really is nothing else there.

If he does not—and it is "he" usually, obviously—if he does not agree to voluntary blood testing, we get a court order to require him to submit to a blood test. That is common practice in the State of Maryland.

Senator Chafee. And it is pretty accurate? I mean, it is very accurate, I presume.

Ms. Helton. We have a high probability standard, and we typically submit it as evidence. Usually, he consents. First of all, most of our fathers consent before a blood test. Another high percentage consent after the blood test. And only a few of our cases are litigated. The honest fact is that we don't take many paternity cases to court.

Senator Chafee. That is very interesting.

Ms. Helton. Consent is the way to go. It saves a heck of a lot of money. There are some due process questions because, typically, they do not have counsel.

Senator Chafee. All right, fine. Thank you very much, Mr. Chairman. Thank you all on the panel.

Senator Moynihan. I would like especially to thank the panel. These are the people who are there. Ms. Wilcox, if I were in trouble, I would want you to be helping me. Ms. Helton, if I had been abandoned, I would want you to take my case. Mr. Heintz, if we needed some social policy, I would want you to be devising it.

May I just ask the panel a question? Mr. Heintz said there is a window of opportunity which may be closing here? Would you agree?

Ms. **Wilcox**. Yes.

Ms. **Helton**. Yes.

Senator **Moynihan**. You all agree. We are going to hear from a number of people now who don't think this legislation does enough. I would put myself among them, but I would hope everybody keeps in mind that the opportunity to do nothing is right there before us. We have done it before, and the only people who suffered were the children.

I will give you a little bit of New York counsel on these things. There is a saying around the criminal courts in New York that the lawyer always goes home. That is particularly around the criminal courts in Brooklyn. [Laughter.]

The opportunity to turn down this opportunity to help children on the grounds that it is not helping them enough—children aren't being asked about this, are they? Thank you all very much.

Ms. **Helton**. Seize the moment.

Senator **Moynihan**. Seize the moment. Yes.

We now have a panel. I would ask to come forward Dr. Douglas Glasgow, Vice President of the National Urban League. And because we were a half hour late getting started because of the schedule of the House of Representatives, I am going to ask Ms. Susan Rees of the Coalition of Human Needs and Mr. Arthur Keys, who is Executive Director of the Interfaith Action for Economic Justice, if they would join Dr. Glasgow in this panel.

I am going to have to step aside, and my colleague will preside for just a moment.

Senator **Chafee**. Good. Why don't we go right ahead now. If everybody will try to observe the time limitations, we will appreciate it. Dr. Glasgow, why don't you start? All right, doctor. We are very glad you are here. Why don't you proceed?

Mr. **Keys**. Senator Chafee, before you start, could I ask my colleague to come to the table and join us?

Senator **Chafee**. Sure. Come right ahead. Dr. Glasgow?

STATEMENT OF DR. DOUGLAS G. GLASGOW, VICE PRESIDENT, NATIONAL URBAN LEAGUE, INC., WASHINGTON, DC

Dr. **Glasgow**. Senator, thank you very much. It looks as though, Senator, that you are here alone, and I am sorry that the distinguished Senator Moynihan had to leave.

Senator **Chafee**. He will be right back. Each of us have demands, but I want you to know that staff is here. We are following this. There is a record. So, don't feel that you are speaking only to one Senator.

Dr. **Glasgow**. Not in the least. I just missed the opportunity to thank the Senator very much for his initiative and also for the opportunity which he afforded us to come in and sit with him and discuss this legislation.

Senator **Chafee**. He is intensely interested and has spent a lot of time on it.

Dr. GLASGOW. I appreciate this opportunity to offer the Urban League's approach and recommendations, in light of our long-term work in social welfare reform. In lieu of this discussion, however, I am submitting the full text for the record.

Senator CHAFEE. Right. If you can stay within your time limit of 5 minutes, please.

Dr. GLASGOW. I would hope that we are starting now.

Senator CHAFEE. Right. We will give you a 30 second break.

Dr. GLASGOW. Thank you. Our perspective on welfare reform is framed by seven guiding principles, which stem from the Urban League's historical and current experience at identifying and meeting social service and economic needs of primarily poor individuals and families.

Key areas of long-standing service include education, job training, and other employment-related services, which we believe continue to be the key to welfare reform.

Before I proceed with our specific comments and recommendations in regard to S. 1511, I must first stress that the National Urban League, in its extensive work on welfare reform with members of both houses of Congress, has repeatedly emphasized the need to address the broader issues of poverty and unemployment in this country.

In prior testimony before various committees and subcommittees of the House and Senate, we provided extensive analysis and perspective on these two national problems, including the growing phenomenon of the working poor, which was referred to here earlier this morning. The National Urban League fully intends to keep these issues before the nation and Congress and is committed to fashioning creative, humane, and effective plans for their solution.

Senator CHAFEE. And for that, we thank you and encourage you.

Dr. GLASGOW. I appreciate that, Senator. The Urban League is encouraged that both houses of Congress have recognized the need to address the problems of at least one-third of America's poor, namely the parents and children who are the recipients of AFDC. Indeed, we must and can be successful with this population of poor, and we approach the hearings with this spirit and commitment.

To strengthen families both economically and socially, welfare reform proposals must reflect what we have learned about AFDC through research and direct field experience.

It is imperative that we incorporate what we know about the realities of AFDC and poverty. In light of what we know about AFDC, the Urban League has generated seven principles as a guide. I should like to highlight the following comments on and recommendations for S. 1511.

First, we are encouraged that Senator Moynihan's bill has taken a positive step toward strengthening families by mandating the AFDC-UP Program for all States and allowing for State improvements upon current AFDC-UP law. We urge that this provision be adopted fully.

Second, we are pleased to learn of Senator Moynihan's intention to include language in S. 1511 that would place community-based organizations at the planning, program design, and service delivery levels of education, training, and employment programs. This is especially important if we wish to utilize the entire continuum of service delivery systems available to us in implementing welfare reform. We urge again that S. 1511 be amended to adopt such language.

The National Urban League, however, is deeply concerned about those provisions of S. 1511 which are not compatible with the principles we consider to be of high priority. Our principle (2) addresses the issue of parental support for their children through equal access to income through viable employment. The National Urban League prefers placing primary national emphasis on improving the labor market system and the means of getting into and staying in that system as the first avenue by which parents can support themselves and their children.

By placing first emphasis on the child support collection system and by particularly proposing immediate mandatory automatic wage withholding, as occurs in S. 1511, we feel this feeds into the distorted and rather disruptive public perception that all poor fathers are assumed to be irresponsible and unwilling to support their children.

The impact of this message is especially detrimental to Black Americans, in light of the fact that Blacks remain disproportionately the poor and disproportionately the unemployed. Based upon our analysis of 1985 child support and other income-related data, as well as findings from studies prepared for HHS by the Bush Institute of Child and Family Policy in 1985, national child support collections would be greatly increased if more emphasis was placed on higher income fathers; and it is highly doubtful what it will really do in the collection from low income fathers.

Urban League principle number (3) states that families and individuals having multiple barriers to employment such as a lack of education, skills training, work experience, and long-term spells of poverty and unemployment, must be targeted for intensive services that facilitate their transition to the labor market.

S. 1511 fails to meet this most critical principle. It must be amended to include major improvements in its "JOBS" program emphasis by: assuring that States provide at least basic education, skills training, and other employment related services; placing emphasis on voluntary rather than mandatory participation; providing clear and strong Federal directives and performance standards for meeting the needs of the long term and those at risk of becoming long-term AFDC recipients; and lastly, providing satisfactory guarantees that appropriate, safe, and quality child care be available to "JOB" participants.

Poor families must not be forced to choose between the threat of loss of income through abusive sanctioning at program implementation levels or placing their children at risk in child care arrangements that could bring them physical and/or emotional harm.

Senator CHAFEE. Dr. Glasgow, I will have to ask you to wind up now, if you could, please. Why don't you take another 30 seconds?

Dr. GLASGOW. Good. Our final principle stresses a system of social welfare benefits that must be economically just and promote the strengthening of the family. We are concerned about the expanded waiver authority which would be given to the States. It is our view that this provision essentially paves the way for eventual abandonment of 50 years of responsibility and sensitivity on the part of our Federal Government in the employment area.

We also feel in the end, while we stand critical of some elements of S. 1511, we are prepared to continue our working relationship with the Senator and with members of the Senate. We feel that, in its child care provisions, in its family support perspective, it is rich and has great potential. We feel that it must be strengthened, particularly in the areas of employment and the satisfaction of adequate care for children and poor families. Thank you.

[The prepared statement of Dr. Glasgow appears in the appendix.]

Senator CHAFEE. Thank you.

Senator MOYNIHAN. Thank you, Dr. Glasgow. We read your testimony in advance. We appreciate it very much. Our pattern is, of course, to hear from everybody on the panel, and then we will talk. I suppose, Ms. Rees, you are next.

STATEMENT OF SUSAN REES, EXECUTIVE DIRECTOR, COALITION ON HUMAN NEEDS, WASHINGTON, DC

Ms. REES. Thank you, Mr. Chairman. The Coalition on Human Needs, of which I am the director, is an alliance of over 100 national religious, civil rights, labor organization, and others concerned about the poor, minorities, children, women, disabled, and elderly people.

I want to thank you for the opportunity to share our views with you today and ask that my full remarks be recorded in the record.

Senator MOYNIHAN. Of course.

Ms. REES. Like you, we are eager to see changes which would help reduce poverty in this country by improving opportunities for AFDC recipients. Ultimately, we would like to see enacted reforms which may not be possible this year, like a national minimum benefits standard.

If fiscal constraints prohibit such changes now, we hope that at least this Congress will make the initial commitment to do so. Certainly, we hope that you will not take any steps backwards, just for the sake of doing something about welfare reform this year. Unfortunately, certain aspects of two bills pending now before this committee, we believe, do take some steps backwards.

The Coalition objects to the philosophical underpinnings of the block grant approach in both your bill, Mr. Moynihan, and in the Dole bill, S. 1655. The difference that we see is one of degree, with the Dole proposal endangering the support system of larger numbers of people in all States.

In 1655, 22 programs would be effectively wiped out in all States, including Medicaid, food stamps, AFDC, and SSI programs, which poor children, aged, blind, and disabled people depend upon. S. 1511 would make this possible in AFDC and six other programs, but that would be limited to ten States.

I do want to mention that the bill you have introduced, Senator, makes several needed positive changes in the welfare system, including nation-wide AFDC UP, strengthened child support enforcement, and new transitional child care services.

However, improvements such as coverage of two-parent families, we believe, are insufficient to overcome the extreme hardship the bill could work on some unknown number of children in poor families. The Board of our Coalition last month agreed that we could not support S. 1511 as it currently is written. A similar position has been taken independently by a number of organizations, including the National Board of the YWCA, the Child Welfare League of America, the Women's Equity Action League, the National Council of Churches, the National Council of La Raza, the National Association of Social Workers, and the AFL-CIO.

In addition, I have been given a statement expressing similar views signed by 14 scholars, including such long-time students of the welfare system as Herbert Ganz, Mitchell Ginsberg, Frances Fox Piven, and Alvin Shore. I would like to offer that also as a statement for the record.

Senator Moynihan. That will be put in the record, and we will be very happy to have it.

Ms. Rees. Thank you. I am sorry he can't be here today.

Senator Moynihan. Do you have a copy of it?

Ms. Rees. I do have copies.

Senator Moynihan. Can you send one up to the desk?

Ms. Rees. I will give one to you directly, if you like.

Senator Moynihan. Good.

Ms. Rees. We all share a number of concerns, but I would like to concentrate my remarks on three of them: the waiver provision, the structure of the jobs program, and the child care section. Although I will refer mainly to S. 1511, similar and greater flaws can be found in S. 1655.

The most serious implications, we believe, are in the waiver title. By allowing even 10 States to create their own block grants out of seven Federal programs, including AFDC, the fundamental principle of the entitlement of poor children to Federal income support will in effect be destroyed.

S. 1511 specifically states that the purpose of the waiver is to grant States maximum flexibility to experiment with new ways of using funds. The bill specifically authorizes changes in eligibility classes, benefit levels, and forms of assistance. All Federal statutes and regulations in seven different programs could be waived. We understand that one rationale for this title is that the present administration has repeatedly denied requests from States which want to exercise existing waiver authority under section 1115 of the Social Security Act.

The problem that we see, however, is in the administration of current waiver authority, not in the law itself. Besides eliminating basic standards for conducting AFDC, the waiver authority would remove standards from other carefully crafted programs, including some in this bill, and the important 1980 program to encourage States to reduce foster care loads.

We believe also that services should be tailored to each individual's needs and that the employment/training program must set forth a minimum number of education, skills training, and related services that must be available to people participating in the program.

I would also like to leave with you a copy of the overview of a report we have done after monitoring four block grants in eleven States over the past 3 years. This was done under a Ford Foundation grant; and what we have found is that States cannot always be relied upon to make decisions and to use Federal funds in ways that most benefit people who are in the most need. My written testimony refers to a number of the things that we have found, but let me just mention one case which brings up the problem of civil rights enforcement under a block grant approach.

This case we discovered unexpectedly in the State of Louisiana, where a local employer violated Federal labor standards in employing JTPA workers at a feed plant that was built by community development block grant funds. The JTPA workers, three-fourths of whom were Black residents of the area, described flagrant abuses of health, safety, and wage and hour rules. State JTPA program officials refused to take employee complaints to the Department of Labor because DOL had ignored similar complaints in earlier cases.

Senator MOYNIHAN. Ms. Rees, we are going to have to keep people within a time limit, and we do have that testimony.

Ms. REES. All right.

Senator MOYNIHAN. And JTPA is not really in our province here on the committee. I am going to ask that we keep each person to their time; and if we have additional time later, we will go forward. Thank you very much.

Ms. REES. Thank you.

[The prepared statement of Ms. Rees and the requested information appears in the appendix.]

Senator MOYNIHAN. And now, Mr. Keys?

STATEMENT OF REV. ARTHUR B. KEYS, EXECUTIVE DIRECTOR, INTERFAITH ACTION FOR ECONOMIC JUSTICE, WASHINGTON, DC, ACCOMPANIED BY RUTH FLOWER, CHAIR, WELFARE REFORM WORK GROUP, INTERFAITH ACTION FOR ECONOMIC JUSTICE

Reverend KEYS. I am Reverend Arthur Keys, the Executive Director of Interfaith Action for Economic Justice. We are a coalition of 29 national Protestant, Roman Catholic, and Jewish ecumenical agencies and faith groups. We have worked together for the past 13 years advocating just Federal policies and programs for poor people in this country and in the Third World.

I would like to ask Senator Moynihan if the full text of my testimony could be entered in the record.

Senator MOYNIHAN. Of course, it will.

Reverend KEYS. And I would like to speak to some highlights of that testimony. I would like to also acknowledge Ruth Flower, the Legislative Secretary of the Friends Committee on National Legislation.

Senator MOYNIHAN. All right. We welcome you.

Reverend KEYS. She is active in our advocacy, and Pat Tyson, our Staff Associate, as well.

Our concern for the poor in this country is framed in a context of hope. We know that the strength and resilience of this country's economy is such that it can adjust to the new international economic realities in a way that serves all of the American people. We advocate programmatic and policy changes that will enable people who are now left out of the economic mainstream to participate in and contribute to our national strengths.

I want to be clear. We seek an end to poverty, and it is by that standard that we judge all legislation. When President Reagan put welfare reform on the agenda of this Congress, we welcomed the opportunity to explore with members of Congress ways to restore and strengthen a collapsing bridge between welfare and self-reliance for poor people.

I want to address my remarks specifically to Title II and the jobs programs. We strongly support changes in the AFDC program that would make it more possible for single mothers especially to move from welfare to employment, but we oppose programs that require all single parents to undertake this challenge on a Government-imposed schedule.

We urge this committee to examine the generally accepted assumption that improvements in employment-related services must be tied to required participation in welfare and workfare programs. We specifically recommend the following: first, that welfare reform legislation should acknowledge Government's broad role in preventing and ending poverty; direct assistance to poor families in the form of income assistance or training assistance is secondary to Government's duty to manage the economy in a way that allows effective participation of all Americans.

Second, the bridges to employment that were dismantled in 1981 should be restored. Specifically, the gross income cap should be removed from the food stamp program; the earned income deduction should be made permanent; and Medicaid should be expanded to cover the working poor. Low income workers, not just those on AFDC programs, should be eligible to participate voluntarily in education and training.programs.

Third, participation in welfare-to-work programs should be voluntary. Fourth, work and training programs should provide useful training that effectively improves participants' marketable skills. Make-work programs should be abolished. Fifth, States should not be permitted to require the participation of absent fathers in any work or training program.

Sixth, child care must be legally guaranteed for anyone required to participate in any program which takes parent caretakers away from their responsibility to care for their children. Seventh, child care allowances must reflect actual expenses. Eighth, additional funds for education, job training, health care, subsidized child care, and social services should be made available through existing channels without creating or expanding work requirements in the AFDC program. Training services and employment assistance that enable wage earners to keep up with our changing economy should be available to people generally without regard to participation in a welfare program.

In conclusion, we in the religious community want to work with this committee to make progressive changes in the welfare system that enable people to move from welfare to employment.

Senator Moynihan. Thank you, Mr. Keys and Ms. Flower. Let me say to you a number of specific things.

[The prepared statement of Reverend Keys appear in the appendix.]

Senator Moynihan. I want to say to Dr. Glasgow that your testimony has been very helpful. We agree with you, or I agree that we ought to include language to place community-based organizations at the planning, program design and service delivery levels of education, training, and employment programs. We think you are right. You raised it with us early this year in informal conversations, and we have talked about this with people such as the panel that appeared before you—those who do the work—and they agree. They think that is right.

Dr. Glasgow. We appreciate that.

Senator Moynihan. Well, you have been at this since 1902. You know, the Urban League is not new to this subject.

I would like to say to Ms. Rees about the waiver provisions that our provisions on the 10 waivers would absolutely not prohibit any recipients' benefits or their eligibility to be reduced or to be denied, and specifically include all the civil rights protection. I would hope that people might consult their hopes rather than their fears.

There is just a legacy of an earlier time in our country that "you can't trust the States." You are talking to someone who in recent years has begun to have the view that you can't trust the Federal Government. The States like New Jersey have asked for these waivers. They know they are going to have Governor Kean who can't do what he wants to do. We have included in our bill a waiver for the State of Washington, that just can't wait to work this out. They have problems just as New Jersey does.

These states have different economies, and different patterns of life. Our legislation is very tightly designed to help the States, to give them the flexibility to meet the specific needs of their welfare caseload.

Senator Chafee, did you have any questions?

Senator Chafee. No, thank you, Mr. Chairman. I don't have any questions. I just want to thank the panel for what they have given us here. We will review it carefully as we proceed with this matter. Thank everybody for coming.

Ms. Rees. Senator, may I make one response to your comments just now?

Senator Moynihan. You surely may.

Ms. Rees. I think we all realize your very good intent and the good intent of many of the governors, and we realize that Governor Kean has received his waiver. We think that writing a provision such as the one in the bill for Washington State is a good way to construct a demonstration, but we feel there are conflicting provisions in the bill where you try to guarantee protection of benefits and civil rights. And then there are other sections where there are actual purposes and encouragements to change benefit structure, eligibility, etcetera.

Senator Moynihan. Then let me make just one quick observation. I have been at this for a very long time, and if there is one persisting idea I keep running into, it is that somehow out there in the Nation there are forces, groups, institutions that are desirous of seizing on this welfare population and putting it into some kind of forced labor.

If I had to trace it, it would go back to the idea of the reserve army of the unemployed, about which we used to hear a lot in the 1930s. And I offer you the thought--and you don't have to agree--that it is not true, not true.

What is true is that nobody really cares about these people, and the less that is said about them, the better.

Mr. Heintz made the point that if you have some mandatory participation provisions, there will be many places that will simply say: Everybody has to participate in a job search program, no matter what happens. In most jurisdictions, nothing is done for these people--nothing to them or nothing for them. That is the problem, and the children are the ones who suffer most.

Senator CHAFEE. I would like to echo that, Mr. Chairman. If we were dealing with a tax bill, you couldn't find an empty seat in this hall. And indeed, we would have to pipe it up to another room so that everybody could hear about it because we might be touching somebody's benefit. The problem is that all too few people are concerned about the children and the devastating statistics that have been mentioned here many times. So, I want to thank all of you for what you have done in bringing attention of the public to these issues.

You have been working on these issues for years—the Urban League and the other groups here—and that is what we have to do. You know, people just don't know that these children are the ones who are losing out. So, we are dedicated to try to do something about it, and thank you very much for your help.

Senator MOYNIHAN. Thank you all.

Reverend KEYS. Senator, could I just make one remark?

Senator MOYNIHAN. Surely.

Reverend KEYS. We would like you to look seriously to our concerns in terms of mandatory participation because we do feel that there are some real concerns there for how that affects children and how it affects implementation here. Our concern is coming directly from where you acknowledged; we are concerned about how these delivery systems would affect children and young mothers, and we have some serious concerns there which we would like you to address seriously.

We have proposed some specific amendments to the legislation which would make the lack of assurances into guarantees or else allowing a person not to be forced into a job that would make things much more palatable to us and many people in our coalition.

Senator MOYNIHAN. Fine. We are going to hear some research reports on that right now. But I repeat to you: Nobody is going to force these folks into anything; they are just going to forget about them. That is what we have done for the last 20 years. That is how we ended up where we are today. Thank you all very much.

Now, to conclude our morning, we have Dr. Judith Gueron, who is President of the Manpower Demonstration Research Corporation of New York. We welcome Dr. Gueron, who has been a great source of help to us and the work of the MDRC has been a great source of help to us also.

Dr. Gueron, you are well known to this committee and we welcome you, as you come before us with some research findings on several of the matters that have specifically been discussed this morning.

STATEMENT OF DR. JUDITH M. GUERON, PRESIDENT, MANPOWER DEMONSTRATION RESEARCH CORP., NEW YORK, NY

Dr. **GUERON.** Good morning, Senator. I appreciate the opportunity to share with you today my observations and, given the time available, I will limit myself to discussing the work and training provisions of two of the bills before the committee, S. 1511 and S. 1655.

Often Congress must make decisions on social policy with strong evidence of the problem but little certainty on the effectiveness or cost of proposed solutions. Fortunately, we are in a very different position today with regard to employment and training programs for welfare recipients because of some very serious research conducted since 1982.

Let me start by very briefly summarizing the message from that research, and I will summarize my testimony and ask you to include the full testimony.

Senator **MOYNIHAN.** Of course.

Dr. **GUERON.** Let me also note that it is impressive that most of the proposals before the committee incorporate in one form or another those lessons. First, we have learned that welfare employment programs can benefit both welfare recipients and taxpayers. Across the States studied by MDRC, for example, we saw employment rise between 3 and 8 percentage points, which translates into earnings gains of between 8 and 37 percent.

Second, we have learned that we should nonetheless be modest in our expectations. This is not a quick fix. Third, we have learned that it costs money in the short run to save money in the longer run. And finally, we have learned that much of the creativity and will is at the State and local levels and that new legislation should be designed to promote this and protect it. At the same time, we see a continuing need for Federal funding.

Now, in translating these lessons into legislation, we should also consider the Nation's 20-year history with the WIN Program. It is instructive. 1987 isn't the first time that Congress expressed a preference for work over welfare. With less consensus back in 1971, Congress also required that all adult AFDC recipients with school-age children register and participate in a welfare employment program. In fact, given limited and later rapidly shrinking resources, participation often became a paper process.

Now, what do the research and this experience suggest about specific provisions in the work programs of the several bills before us? In general, the bills support the idea of State flexibility. It is indeed a keystone of the new legislation, but there are complex ways in which particular features of the bills may undercut that principle and stifle the kind of experimentation that has been going on over the past few years.

For the remainder of my remarks, I would like to focus on four interrelated issues that are likely to affect how States, in fact, carry out the legislation: the availability of resources, targeting strategies, service mix, and participation standards.

First, funding. The extent to which congressional enthusiasm for mandatory employment programs is actually translated into operating reality will depend on how much money the Federal Government provides, the matching rates, and how much money the States put up. Both S. 1655 and S. 1511 recognize the importance of assuring that this country has a minimum national program and wisely continue providing base funding at a 90 percent Federal match.

A key point to recognize is that the availability of open-ended funding, as in S. 1511, or a $500 million authorization as in S. 1655, doesn't guarantee that there will be a $1 billion national program. Since 1981, States have been entitled to draw down funds on a dollar-for-dollar basis for job search and community work experience.

The General Accounting Office recently reported that States have only very modestly matched these funds to date. This suggests that the overall response may remain limited, although I am sure there will be considerable variation across States. Failure to draw down funding would not result from a lack of interest on the part of States, but making available additional funds and requiring a higher match does put a clear additional financial burden on States. For example, under the WIN funding arrangement, if the Federal Government provided $380 million as they did for a few years in the late 1970s and early 1980s, States had to come up with a $42 million match. Under S. 1655, if the Federal Government really spent $380 million, States would have to put up $263 million to draw that down.

Questions about the size of the financial investment that the Federal Government and States will put into the new legislation are critical to understanding how the programs are likely to really be operated at the State level. While the potential for additional funding is encouraging, it should be recognized that at the same time States are being asked to work with a much larger proportion of the AFDC caseload. Based on 1985 data, for example, S. 1511, which requires participation from women with children as young as three, would increase the size of the potentially mandatory caseload from about 1.2 million women to about two million women.

S. 1655 would increase it still further because there are another 1.3 million women that have children under three, and most of them would be included under that bill. In addition, when you are serving women with younger children, programs are likely to be more expensive to provide the additional child care.

The second issue is targeting and requiring participation from mothers with preschool children. If resources are too limited to serve everyone, States must also decide who should be given priority. The current bills are informed by two distinct research studies. One is the work by David Ellwood and Mary Jo Bane at Harvard which suggested that a specific group of welfare recipients—young never-married mothers who are high school dropouts—often remain on the rolls for a long period of time. These findings have created considerable interest in serving this group.

Second, there is MDRC's work based on studies primarily with women with school-aged children that has shown that welfare employment programs have their smallest effects on the most job-ready. Knowing who benefits least—the most employable—doesn't always tell you who should be served, however. And there has been a tendency to put the Bane and Ellwood work together with the MDRC work and assume that the most effective programs would be those serving teen mothers.

However, it is important to stress that the research to date does not support targeting teen mothers exclusively. Our findings on program effectiveness are based on studies for women with school-age children. We simply do not yet have solid evidence that mandatory employment and education services will work for younger mothers or prove cost effective, although there is clearly a reason to try this.

S. 1511 may have struck a good balance on targeting by mandating that 60 percent of the funds go to long-term recipients, recidivists, and young mothers. S. 1655 also notes the importance of targeting and identifies young mothers. However, concentrating services on that young population and mandating a specific participation level may be risky at the current time.

The third issue is flexibility in program design. One of the most remarkable developments in recent years has been the interest, experimentation, and sense of ownership that States have evinced; and it is critical that Federal policy continue to foster this. It should be recognized that, given the funding constraints that I just mentioned, most States will have to decide whether to limit the number of people they serve or the services provided.

I would suggest that we continue to leave this choice up to the States. The research to date suggests that many different programs can be effective—relatively low cost programs and also higher cost programs which some new evidence suggests may have delayed but increasing payoffs.

We also have some hints in the research that some of the very longest term multiproblem recipients may require larger investments. This kind of flexibility is inherent in both of the current legislative proposals; however, other provisions in S. 1655 could seriously undercut the apparent freedom offered to States.

And that gets to my fourth point on requiring high levels of participation. When you know something works, it seems wise to assure that more of it gets done. And knowing that welfare employment programs can be cost effective would seem to suggest that States should be required to reach a very large share of the caseload. The obvious way to do this is to set high participation standards and penalize States for not meeting them.

One of the key ways in which S. 1655 and S. 1511 differ is the role of participation standards. S. 1655 sets increasingly ambitious targets over time; and S. 1511 does not mandate the use of participation standards.

The critical element to keep in mind in assessing these alternative approaches is that, in the short run, participation costs money. The WIN program never delivered on its participation mandate because it never had the funds to develop training or work slots for all eligibles. If programs were really richly funded, high participation standards might pose operational challenges but would not force States to make possibly counterproductive programmatic choices; but the reality is likely to be different.

As we have seen, funds are likely to still remain limited; and if funds remain low, States will be forced either to serve many people with very little or a smaller proportion with a mix of high and low intensive services.

Simple arithmetic suggests the importance of two numbers in assessing the impact of participation standards: the program budget and the number of people that will have to be reached in order to result in the desired participation level. Dividing the former by the latter gives the average amount that could be spent per eligible.

For example, if the Federal Government spent the full $500 million authorized under S. 1655 and States provided another $335 million, as CBO estimates they would in 1992, there would be $835 million available to provide services for a mandatory caseload of close to 3 million women, which translates into roughly $280 per eligible person on an annual basis. In MDRC's evaluations, three out of the four States with positive impacts spent considerably more than this, working with women with school-age children.

This is also notably less per mandatory case than WIN had at its peak, especially if you look at WIN in 1986 dollars, when States were unable to provide services to the majority of the mandatory caseload.

In these circumstances, except in the few States which will provide substantial funds, setting high participation standards can lead to one of two outcomes: either States will fail to meet them or they will have to spread resources very thinly, in fact losing any real flexibility in program design.

In addition to restricting State flexibility, high participation requirements raise other problems. I would argue that the widespread support for welfare employment programs grows from their apparent fit with prevailing values and also their seeming success in meeting the dual objectives of improving the well-being of welfare recipients and saving money; that is doing both of these. Requiring participation is usually viewed as a means to these ends, not as an end in itself.

The research to date shows that programs providing a modest level of services can meet this dual objective, but new findings suggest the risk of assuming that these could be replicated on a much larger scale without substantially expanded funds. That is, there may be a minimum average expenditure level below which programs may not be very effective.

Research just completed on a program operated in a major urban area suggests what may happen if limited funds are spread across the full mandatory caseload. Given a large caseload, a budget of approximately $150 per case, caseload ratios of about 300 to one, the program focused more on administrative and monitoring functions than on providing direct services. That is about what could be done with that level of resources. An emphasis on participation and sanctions produced different results than we have seen in other States.

Taxpayers saved some money; but welfare recipients, on average, did not experience employment or earnings gains.

Beyond these concerns, there are other more practical reasons to avoid setting high participation standards at this time. There are currently no good national data on participation in the WIN program that could serve as a benchmark for establishing national standards.

Moreover, measured participation rates are very sensitive to how participation is defined and to elements that vary widely across States. States will not be on a level playing field in trying to meet any uniform national participation standard.

All of these considerations suggest that it is premature to set ambitious national standards for a new program. Instead, Congress should assure that the data are collected on participation and on actual program outlays so we will know just how much is really available; and based on this information, reasonable targets could be established.

My final point relates to evaluation. My comments today suggest that we now know enough to move forward on expanding the welfare employment system, and that there is a sufficient knowledge base for action at the current time. But many questions remain open and deserve careful study in the future.

Bearing this in mind, I would advise you to ensure, as the bills do, that there will be rigorous evaluation of future State programs. Experimentation without solid research will not yield information about how to improve the welfare employment system, or the AFDC benefit system, in the future. We believe that the Federal Government should take the lead in this and not leave the design and funding of evaluations solely to States.

In conclusion, let me again congratulate this committee for moving forward on a critical issue and urge you to weigh carefully the alternative approaches recommended in these bills. Thank you.

[The prepared statement of Dr. Gueron appears in the appendix.]

Senator MOYNIHAN. We thank you, Dr. Gueron.

Senator Chafee?

Senator CHAFEE. Thank you, Mr. Chairman. Dr. Gueron, first of all, as I understand what you are saying, it is be careful about this participation business and mandatory requirements because what will happen is, if you have to reach a certain participation rate, then everybody will run out and take the people who are going to get jobs, anyway, and work with them and see that they do get the job, whereas the tough cases might be the teenage mothers who have small infants at home. They are the ones who really ought to get work and ought to get attention, but they are very expensive; and you are not going to get much of a yield out of it, as far as improving your record goes. Is that what you were saying?

Dr. GUERON. That is part of the point, but also, as the standards creep up over time, you are going to have to just serve everyone with very little, and you may spread the money so thin that——

Senator CHAFEE. You can't do any job well?

Dr. GUERON. Right. You move backwards instead of moving forward. That is my concern.

Senator CHAFEE. Right. I understand that. Then, basically, your conclusion, as I get it, is that first we have to monitor this; but second, we must keep the creativity at the local level as much as possible. Now, my question is this: How do you keep the creativity and will at the local level—and by local, we mean State and, in some instances, it is a city—if the Federal Government is stepping in and carrying most of the cost? As a governor, I found that when a program—and I am not talking about a human assistance program—let's just take another example. Let's take a road program. When we got into a 90/10 road program, I always found that, as a governor, I was rather casual about what we did because the Federal Government was carrying so much of it; but when it got into a 70/30 program or a 60/40 or a 50/50 program, then I really paid attention because it was our dollars; and I wanted to see the thing run right.

Now, if we get the Federal Government carrying a substantial portion of the burden here, where is the incentive on the local level to have this creativity in this world to try and do something?

Dr. GUERON. That is a very good point. I would just say that neither of the bills has the Federal Government carrying a heavy share of the load. What the bills do is assure that there will be a very minimal national program.

The WIN program now has been cut 70 percent since 1981. It is at that level that 90/10 money will be continued. So, there will be a small 90/10 pot available for States; but on top of that, States depending on the bill, either have to come up with a dollar-for-dollar match or a 60/40 ratio so that there will be a very strong State investment in any expanded programs. Indeed, that is one of the reasons why I say that there is quite a good deal of uncertainty as to how large the welfare employment program will be 5 years from now because we don't know how States will respond.

Senator MOYNIHAN. I wonder if my colleague would let me be a little more specific on that? There are a number of States which are not prospering just now, and the prospect of having to take up the 60/40 ratio just seemed to be more than they could handle. So, what we have said is that, for what you now have under WIN—that much reduced program—will continue at 90/10; but you'll receive a lower 60/40 match for any new spending.

Senator CHAFEE. You heard the testimony, and you have not only heard it here, but you are very deeply involved in this, so you are aware of the problems with what we might call the "hard core" cases: the teenager who has no education and has no self-respect or self-confidence, has not married, has a child—all the worst case scenarios—no support from home. Now, those are the cases where there would be a tendency, as the States try to improve their record and look good, to duck. Yet, we heard the testimony from Ms. Wilcox from Maine, that with intensive help—and this is high cost—things can be done. Do you share that optimistic note?

Dr. GUERON. I share the view that we want to give the States the flexibility and the signal to serve high-risk groups. Both of these bills make an important change over WIN in the past by specifically saying: We know there are high-cost groups, and States should be urged and particular incentives are set for them to focus on those groups.

I think we have some evidence the programs can work. We know much less about mandatory programs for young mothers. They simply haven't been done on a large scale, only under waivers in some States in recent years and without much research. So, I think there are questions about what approaches are most effective; but there is lots of evidence to suggest that States should be encouraged to make the investment in those groups.

Senator **Chafee**. How would you react to the statistics on one-third of participants dropping out of their jobs after 15 months that was talked about earlier?

Dr. **Gueron**. There is a lot of turnover on the welfare rolls and there is a lot of recidivism.

Senator **Moynihan**. I think the Senator was speaking of the experience in Maine.

Dr. **Gueron**. Right.

Senator **Chafee**. What is the term you used, "high risk"?

Dr. **Gueron**. High risk. I am not particularly familiar with the statistics that she was citing, but they don't surprise me. I don't consider that devastating either, if you can keep 30 percent of the people employed.

Senator **Chafee**. No, 70 percent, or two-thirds.

Senator **Moynihan**. No, two-thirds.

Dr. **Gueron**. Oh, two-thirds. All right. That is very successful.

Senator **Moynihan**. That has been your message to us. If you can do one-third, that is good.

Dr. **Gueron**. Absolutely.

Senator **Moynihan**. Right.

Dr. **Gueron**. You don't have to make a big difference to make these programs pay for themselves, and especially if you are dealing with groups of people that stay on the rolls a long period of time.

Senator **Chafee**. Which would be this group.

Dr. **Gueron**. Certainly, this group. People in this group are often long-term recipients.

Senator **Chafee**. Thank you. Thank you, Mr. Chairman.

Senator **Moynihan**. Thank you, sir. If I may say, as a former governor, I think you were speaking very clearly. The message that MDRC has brought to us is that there is not a great deal that can be done suddenly; but there are important things that can be done steadily, and particularly now that we have the demography going for us. For the first time in all of our adult lives, we are not being overwhelmed by numbers. The population that is aged 18 to 24 drops by a quarter between now and the year 2000. You know, it is not for nothing that Maine has got the lowest unemployment rate in 31 years. For the first time in 31 years, there are not just new cohorts crashing into that age group.

So, when you can make small differences steadily, they add up. Our legislation, by a CBO estimate, begins saving money in its fifth year; the costs begin to go down.

Senator **Chafee**. Let me ask you, if I might, one quick question. What do you find in your studies about immigrant groups? Is that figure as a separate category in your studies? I think you can separate them out: Southeast Asians, Hispanics, Puerto Ricans, and maybe other groups, South Americans as opposed to Central Americans. What do you find from that?

Dr. **Gueron**. Unfortunately, Senator, I think we know less than we ought to know. Some of that is because programs have had difficulty with language issues. For example, the program we studied in California explicitly did not have multilingual job club workshops for non-English or Spanish speaking people. So, in that case, Southeast Asians—a large group in California—were not part of the program. In other cases, where Hispanics certainly have been, we have not had numbers large enough to distinguish impacts. So, I don't think there is good evidence of the effect of programs on immigrants.

Senator **MOYNIHAN**. Can I give you a specific? We have heard much testimony at the subcommittee level. We heard from an official from Merced County, California, who described their welfare caseload which includes a very large group of persons who are receiving AFDCU. They are Hmongs from Laos. They have settled there, and they are a preagricultural community; and learning the ways of modern life and so forth is going to take them some time. They need temporary assistance, in the interim.

Senator **CHAFEE**. Thank you.

Senator **MOYNIHAN**. Thank you. I would like to thank all of our panelists. It seems to me that one more hearing of the full committee ought to have about exhausted the range of information and advice we could get. I hope that, after that, we can proceed to mark up a bill. I hope people do not go away disheartened. This legislation has not been shelved; we have heard some very vigorous assertions that it ought not to be. Thank you very much.

[Whereupon, at 12:41 p.m., the hearing was adjourned.]

APPENDIX

ALPHABETICAL LIST AND MATERIAL SUBMITTED

PREPARED STATEMENT OF KEVIN M. ASLANIAN

SUMMARY STATEMENT

CCWRO represents welfare recipients in California. We have carefully reviewed S 1750 and S 1511. We have discussed the provisions of these bills with the various welfare rights organizations and welfare recipients.

Recipients are eager to see a welfare reform bill which actually modifies the current AFDC program helping them obtain and maintain gainful employment and eventually overcome poverty. Both bills fail to meet this objective. The same is true about the bills under consideration on the House side.

S 1511 would increase the mandatory participation in the workfare program to 90% of the caseload from the existing 30%. It would also allow ten states to obtain waivers to operate a welfare program that will discard the existing categorical programs designed to protect families from poverty.

The bill would also add to the number of persons who will be vulnerable to the inhumane sanctions of the AFDC program. In return for this, the only positive feature of S 1511 is the mandatory coverage of two-parent families, which passed in the House in previous years and defeated in Conference because of the opposition from the then Republican Senate.

CCWRO has published a section-by-section analysis of S 1511 containing numerous recommendations.

ANALYSIS

There is a certain portion of the caseload who are on aid for an extended period. These are the people that "welfare reform" should clearly target. All bills introduced to date fail to do this. Rather, what they do is to propose a program that will allow states to require up to 90% of the caseload to become mandatory participants of a workfare program, including applicants, this is spreading thin our limited resources. These bills do not require States to limit mandatory participation to those individuals who really need a helping hand - the long term recipients who have been on aid for more than 4 or 6 years and have chidren over the age of 12 years.

S 1511 mandates States to provide cash aid to all two-parent families in return for mandating 90% of the caseload to participate in a workfare program and to give a carte blanche waiver authority to 10 states.

S 1511 and the other bills introduced basically keep the existing program in place without meaningful and positive changes which are vitally needed in the AFDC program.

What is Needed?

- All pregnant women should be eligible for AFDC. This is not the case in most states. This is a primary cause of the high incidence of infant mortality in America among low-income persons.

- The work incentives of the pre OBRA cuts should be restored to make sure that families are able to feed their children after they obtain entry level jobs.

We have seen many families with children go hungry and become homeless, even in cases where their caretakes are working.

- Emergency Assistance should be mandatory to all States. Many States do not participate in the Emergency Assistance program, or they misuse this program to enhance federal funding for their pet projects, such as the State of California and many other States.

- Provide cash aid to all poor persons, even those without children, who are not disabled, blind or over the age of 65 years old.

- Provide automatic supplemental payments to persons whose income is reduced due to retrospective budgeting.

- Remove unnecessary penalties for late reporting.

DISCUSSION OF WELFARE REFORM IN 1987

What is welfare reform in 1987? Welfare reform in 1987 is subtle: "It's a workhouse without walls, and most of the workers are women." The public record reveals that between 1973 and 1985, the number of people living in families below the federal poverty line, rose by 41%—from 18.3 million to 25.7 million. In 1975, net outlays on AFDC were nearly $17 billion (in 1985 dollars). By 1985, outlays had fallen to $14 billion.

Under current law, only 30% of the caseload is required to do mandatory workfare. Under Congressman's Downey's bill (HR 1720) the number of mandatory participants will increase over 100%, about 77% of the total caseload.

Under the Moynihan bill (S 1511) over 90% of the families receiving AFDC would be required to participate in a workfare program. Under the Republican bill over 95% of families receiving AFDC would be required to participate in a workfare program.

Even the most punitive workfare programs proposed by Ronald Reagan never included forcing mothers, still breast feeding their babies, to provide free labor to federal, state and local governmental agencies.

In reality, how does workfare save money? According to a New York State report, between the years of July 1985 - June 1986, the State of New York saved $17.5 million by sanctioning families for alleged noncooperation with their work programs. While saving $17.5 million through barbaric sanctions, they only saved $6.5 million by actually finding jobs for workfare participants. So how will workfare save money? The answer is sanctions.

We wonder if the endorsement of work requirements for parents of children under the age of six means that we as a society have decided that all children under 6 years of age are best served by being cared for by someone other than their parents. We do not agree. We still believe in traditional family values. We believe that children should be raised by their parents and not by child care centers.

It is interesting to note the inconsistencies that the welfare reform debate reveals. On one hand, we are told that the absent parent should support the children, and the States are required to enforce the child support laws. On the other hand, if the States are not doing their job, rather than sanctioning States, women who are trying to raise their children, are forced to leave them and work off their welfare checks or face severe financial sanctions. Why not impose similar sanctions against States for failing to do their job in securing child support payments?

STATES SHOULD NOT BE ALLOWED TO OPERATE INEFFICIENT WORK PROGRAMS

Most of the current proposed legislation throws money at the States and tells them to run a workfare program and the only criteria is to make sure that everybody is participating in the program.

Why is Congress proposing these programs? To get welfare recipients into jobs and off of welfare? If this is the goal, then States should be required to either do the job or admit that they cannot do the job. There is zero accountability in all of the current welfare bills directly related to the actual goals of the program. Such failure of accountability makes sense if the purpose of the program is to punish welfare mothers for being poor. But if it is enacted for the purpose of making them independent and self-sufficient, then States should either be required to do the job or be fired for not being able to do the job.

THE WELFARE AGENCY SHOULD NOT OPERATE WORK PROGRAMS

The State welfare agency is the wrong entity to operate a work program. When you have a cardiac problem, you do not run to your lawyer and ask for medical assistance, you see your doctor. If the problem is that welfare recipients need education, job training and jobs, then the appropriate agency is not the welfare department, rather it is the "jobs department", also known as the Department of Labor and the State employment agencies.

SUPPORTIVE SERVICES ARE NOT PROVIDED TO PARTICIPANTS

Most of the bills, including the Senate bills do not assure that participants will receive child care assistance.

In California, the Legislature appropriated millions of dollars for child care, but many of those dollars were not spent, eventhough the county plans, based upon valid studies, showed the immense need for child care.

Fresno County requested funding to provide child care to 80% of the caseload. After one year only 8% of the participants were given child care. Many participants are told that the county does not provide child care. They are told to either find someone to watch their child(ren) or face sanctions.

A woman in San Diego had her grandchildren taken away by Child Protective Services because they were home alone while she was working off the welfare check she receives for her grandchildren. Yes, grandparents caretakers are also required to participate in the various work programs that are under consideration at this time.

Under the California program, if the client does not have child care, they do not have to participate in the GAIN program. Who gets child care? Those who "need it" as determined by the county welfare department. The following is an actual experience we had in California concerning a GAIN participant with a child care problem:

This GAIN participant found a job after looking for work for 5 days. She was not provided with child care while she searched for work because her child was in school, thus she did not "need" child care.

On the fifth day someone offered her a job. She was overjoyed. She could finally get off of welfare. But in order to take the job, she needed child care for her 7 year old after school. She called her GAIN worker and told him that she found a job and needed child care to start working the next day. The GAIN worker informed the client that the county really does not have any child care and most of the child care centers have a waiting list.

"What do I do?" she asked her worker. "You don't have to take the job if you don't have child care and you will not be sanctioned." She then calls her employer back and tells him that she cannot take the job because she does not have child care. The employer did not say much, but in the back of his mind he is thinking about this welfare mother as another lazy welfare recipient who doesn't want to work and uses child care as an excuse to continue to collect welfare. In fact, the employer has read in the newspapers that the GAIN program has millions of dollars for child care, thus, she must be a lazy bum.

The employer then calls his Senator's and Congressperson's office complaining about lazy welfare recipients. Then the AFDC mother calls her worker and asks, "What do I do now?" The GAIN worker replies, "You have to continue to look for work or else you will be sanctioned."

Now Senators, we ask you, does this sound fair? Any reasonable person would shake their head and say that this was an insane situation.

Would the existing welfare reform bills allow this situation to happen? YES.

How do we remedy this problem? Very simple. Mandate that no person shall be required to participate in any work program unless they have been given a certificate of child care slot at a specified child care center if they need child care, or when they become in need of child care. This would insure that no one would have to turn down a job.

SANCTIONS

One of the major features of the work programs are the sanctions. The primary savings realized from most work requirements and workfare programs are through financial sanctions.

What are the current sanctions? Under current practice, if the principle wage earner of a two-parent family fails to participate in the work program, then the entire family is denied all cash aid benefits for a three month period, and for six month period for any second and subsequent failure to participate.

In the case of a single parent family, the parent who violates the workfare rules is deprived of his or her share of cash aid for a three-month period for the first instance, and six-months for the second and subsequent incident.

What would you say to a child who is hungry because his or her father failed to meet the workfare rules? You say, sorry child you have to starve for three or six months because daddy was bad. Moreover, what if daddy is now willing to cooperate. Why continue to punish the children when daddy is willing to cooperate. Senator, this is an outrageous situation. Does it sound like the policy of a civilized society? This is what S 1511 and the other proposed, so-called welfare reform bills would provide for.

Moreover, if any of these bills are enacted, we anticipate a great increase in the number of families who will be sanctioned, because more and more families will be vulnerable to these sanctions given the increase number of mandatory participants and the increased funding for workfare bureaucrats.

CONCLUSION

In closing, we would suggest that the provisions of S 1511 which gives then states waivers to operate any kind of program should be repealed because it would open the door for total and vicious abuse by States.

We would oppose any increase in the number of mandatory participants in workfare programs, when those persons can volunteer to participate in work programs and there is no evidence that mandatory participation enhances the number of persons who overcome poverty.

In fact, we believe that mandatory participation in these programs should be limited to those who have been on aid for more than six years and have a child over the age of twelve years.

Participants should be guaranteed a child care slot by giving them a certificate of a specified child care center when they find a job. All supportive services shall be given to participants through advance payments, unless the participant waives this or her right to an advance payment.

Finally, sanctions should only apply against the parent who refused to participate in a work program for so long as the parent continues to refuse to participate. Once the parent agrees to participate, then the sanctions should be set aside and their aid shall be restored beginning that same day. If the parent fails to cooperate more than twice in a one month period, then only the parent should be sanctioned for a 30-day period.

Again, thank you for the opportunity to present our views before this Committee. We will be glad to provide any kind of input that the Committee wishes.

RECIPIENT IMPACT STATEMENT

S. 1511

SECTION-BY-SECTION ANALYSIS OF S. 1511
Introduced by
Senators **Moynihan**, Matsunaga, Bradley, Mitchell, Pryor, Rockefeller, Daschle, Adams, Kennedy, Kerry, Simon, Duranberger, Danford, Chaffee, Evans, Riegle, Biden, Wirth, Bumpers, Pell, Gore, Mikulski, Cochran and Bingaman.

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EDITORIAL

The New Welfare Fraud

by Frank Riessman

EDITORIAL BOARD
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The new welfare reform proposals emanating from the National Governors Association, the Reagan Administration, and various states such as Massachusetts and New Jersey, while uniting many liberals and conservatives, are seriously marred and self-deceiving. While all of them represent an improvement over traditional workfare proposals, in that they call for training, day-care services, health benefits, and counseling, they are basically deficient on the critical question of job creation.

All of these proposals presume that if welfare recipients receive appropriate training and support services, they will have a good opportunity to obtain a job. No one seems to ask the obvious question: How are these individuals to obtain jobs in the current labor market? Nearly eight million people are actively seeking jobs and are not able to find them—to say nothing of the 5.8 million more who are too discouraged to look for a job and are not counted among the unemployed. Add to this the large number of part-time workers who would prefer a full-time position, if one was available. This all produces a pattern of circulating unemployment.

Unless more jobs are created, the welfare measures will simply create more competition for the jobs that exist and serve to lower wages further.

A much better design, essentially proposed by the New Careers movement in the 1960s, calls for first creating jobs for which welfare recipients could be encouraged to apply. These jobs would have attached to them the necessary training and support services.

There are a great many useful jobs providing needed services to society that could be filled at an entry level by welfare recipients who lack training and education, but where the necessary training would be acquired on the job and in release time (perhaps, one day per week). These jobs range from human-service positions such as recreation worker, day-care aide, and health assistant to jobs helping to rebuild our infrastructure: bridges, roads, sanitation systems, and so forth. For these workers, there would be provision for maintaining a portion of their welfare monetary benefits to supplement their wages. (Something, incidentally, that is not proposed in any of the new welfare plans.) For many on welfare who already have the requisite training and experience, higher level positions would be made available in the same employment areas.

Without job creation, the new welfare proposals are just one more window-dressing fraud that may very well anger the unemployed who would be competing for the very jobs the welfare recipient is going to be pressured to apply for. ■

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INTRODUCTION

S. 1511 would change the name from " AFDC" to "Child Support Supplement Program" and would retain the current overall AFDC program, with several major exceptions:

- *It would mandate that all States provide aid to two-parent families.*

- *It would mandate that all parents with children over the age of three years must participate in a workfare program.*

- *Would allow States to require parents (and both parents) with children over the age of 1 to become mandatory participants in a workfare program;*

- *Provides maximum flexibility to States to operate a workfare program;*

- *Provide hardly any flexibity for participants of the workfare program;*

- *Makes some modifications in the child support laws to enhance the amount of child support to recover expenditures for AFDC;*

- *Authorizes various demonstration programs for States;*

- *Authorizes 10 States to conduct demonstration programs whereby they would be able to consolidate the federal funds for AFC, child welfare services, JOBS program, Foster Care and Adoptions Assistance and Social services block grant funds to be used without the current federal protections, except that families included in the waiver project cannot have their benefits decreased below what they are receiving prior to the application for waiver.*

- *Provides States with increased funding to operate a workfare program in America, which would increase the number of welfare/workfare bureaucrats.*

- *Most of the severe Reagan AFDC cutbacks of 1981 remain in place.*

SUMMARY

In summary the bill would include two-parents families and force 90% of the AFDC population into working for their AFDC benefits free of charge for the federal State and local governments. Workfare has always had the sole purpose of punishing the poor for being poor. This bill would enhance the number of persons who will be punished for being poor.

TITLE I

CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

SECTION 101-Mandatory Income Withholding

Summary of the Section

This section provides that the employer of the absent parent will automatically withhold the child support portion of the wages, unless both parents agree to an alternative arrangement or when States find good cause to rely on an alternative arrangement.

Recipient Impact Statement

Unlike helping single-parent households whose absent parents receive above middle class income in salaries and wages and do not want to pay child support, this section will not drastically affect those single-parent households whose absent parent work at minimum wages and now pay court-ordered child support in an amount which represents a significant amount of their wages.

Many of these low paid workers are the primary wage earners for their second family. The courts in most States do not consider the fact that because these low wage earners do not have the money to hire an attorney to fight the District Attorney, the low wage earner pays more in child support.

Recommendation

Revise this section to limit the percentage of the wages that can be withheld by taking into consideration the absent parents current family expenses and liabilities.

SECTION 102-Child Support Disregard

Summary of the Section

This section clarifies current law by specifying that States shall disregard, for the purposes of determining cash aid benefits, the first $50 from any child support received by the family, so long as the absent parent made the payments on time.

Recipient Impact Statement

Current law, as is now applied, punishes AFDC children for the absent parent's late payments. Some current absent parents intentionally make these payments late so the custodial parent will not receive the $50 disregard.

Recommendation

Provide that the $50 disregard shall be paid to the custodial parent whenever a child support payment for any month is received from the noncustodial parent.

SECTION 103-State Guidelines for Child Support Awards

Summary of the Section

This section provides that the States shall establish guidelines for determination of child support levels by judges and State officials. These guidelines will be reviewed and updated once every two years.

All current and new cases will be reviewed to establish child support payments based upon the new levels. Both parents will receive a 30-day notice stating that the child support levels are being revised in accordance with the new guidelines.

Exceptions may be made to these guidelines on a case by case basis.

Recipient Impact Statement

This is a good policy for those one-parent head of households whose absent parents earn wages or a

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salary above the middle class income and do not pay their child support.

This policy is not so good for those absent parents who earn money under the poverty level and are ordered to pay a large percentage of the wages to the District Attorney. It is to be noted that the local District Attorney receives a portion of all money collected.

This section will allow upper class absent parents to hire an attorney to reduce the amount of child support he or she will have to pay, while a low wage earner will generally not be represented by counsel because he cannot afford attorney's fees.

Finally, this section fails to establish a process or guidelines for States to establish child support responsibilities of absent parents.

Recommendation

This section should be revised to establish mandatory guidelines that the State shall follow in setting child support payment guidelines. In part, these guidelines should specify a maximum percentage that could be ordered as child support against an absent parent living at or below the poverty level or living on a fixed income, workmen's compensation or unemployment insurance benefits.

SECTION 111-Performance Standards for Establishment of Paternity

Summary of the Section

This section establishes performance standards for States to establish paternity.

Recipient Impact Statement None

Recommendations None

SECTION 112-Increased Federal Assistance for Paternity Establishment

Summary of the Section

This section raises the federal matching rate to 90% (from 68% in fiscal year 1988) for State costs for laboratory tests used to determine paternity.

Recipient Impact Statement None

Recommendations None

SECTION 121- Requirement for Prompt State Response

Summary of the Section

This section would require that the Secretary of HHS establish a time limit in which a State must accept and respond to requests for assistance in establishing and enforcing child support orders from individuals and other States.

HHS must establish an advisory committee composed of various State officials for input into these regulations. This advisory committee shall hear testimony and complaints from the public regarding the child support program, administrative problems and the speed of collections.

Recipient Impact

Like most welfare reform bills, this bill also ignores the consumer, the parent receiving the child support.

Although this section is designed to be responsive to the consumers, the Secretary will not have consumer representatives on the committee.

Recommendation

This advisory committee should include an equal number of representation from the consumers, such as representation from local and statewide welfare rights organizations, the National Welfare Rights Union, Legal Services, women's groups, etc.

SECTION122-Mandatory Automated Tracking and Monitoring System

Summary of the Section

This section requires the State to establish an automated tracking system within 10 years of the enactment of this section.

The federal government will pay 90% of the costs.

Recipient Impact Statement None.

Recommendations None

SECTION 123-Additional Information Source for Parent Locater Service

Summary of the Section

This section would authorize HHS to have access to wage information maintained by the Department of Labor. This would include information regarding the identity of individuals receiving Unemployment Insurance Benefits.

Recipient Impact Statement None

Recommendations None

SECTION 1244-Use of Social Security Numbers to Identify Parents

Summary of the Section

This section mandates that States obtain the social security numbers from both parents at the time of the birth of the child. States would be allowed to waive this requirement for good cause.

Recipient Impact Statement None

Recommendations None

SECTION 125-Commission on Interstate Child Support

Summary of the Section

This section establishes a commission for the purpose of holding a national conference to discuss reforming the child support system.

Recipient Impact Statement None

Recommendations None

TITLE II

JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) PROGRAMS

SECTION 201- Establishment of the JOBS program in All Political Subdivisions

Summary of the Section

This provision requires each State to submit a plan to establish a JOBS program in all political subdivisions of the State.

Recipient Impact Statement

Not all political entities have the assets and resources to operate a workfare program. Small counties as well as counties with high unemployment rates could operate such a program only if the federal and State governments pour money into the county to operate a wasteful program. Once the county must pay a reasonable share of the operation expenses of the program, it would be evident that operating such a program is not feasible.

Those counties in California who have submitted a GAIN plan, stating that all persons will become employed, turn around and apply for an exemption for participating in the food stamp employment and training program because the county has no jobs.

Local entities will operate any program, so long as the money comes from Washington, even if there are 100 clients and five job opportunities in the county.

Recommendation

Establish specific guidelines, such as, mandatory individual participation in the JOBS program shall occur if the unemployment rate of the county is less than 4%. If the unemployment rate of the county is greater than 4%, individual participation in the JOBS program should be voluntary.

SECTION 201.(2)-Involving the Private Sector in JOBS

Summary of the Section

This section mandates that State welfare agencies involve the private sector in the formulation of the JOBS program to make sure that clients are being trained for jobs that are available in the community.

Recipient Impact Statement

This section, like a previous section, ignores the consumers of this program and their representatives.

It assumes that the decision made by the private sector employers are based on what is best for the poor, and the poor should rely and depend upon the private sector to do the "right thing".

We believe that in order for the poor to become ***independent***, they must be involved in the planning and designing of the plan. To rely on others to make them independent merely breeds ***dependency***.

Recommendation

Mandate that States meaningfully and equally involve the poor and their representatives in the planning process and design of the JOBS program.

SECTION 202(3)-State Welfare Agency to Administer the JOBS Program

Summary of the Provision

This section provides that the State welfare agency shall operate the JOBS program.

Recipient Impact Statement

This provision is the major problem with the JOBS Program. The Congress will require the State welfare agency, which administered a jobs and training program, to operate the JOBS program for the poor.

When you have chest pains, you do not call your lawyer, you rush to the hospital to see a doctor.

In this case, welfare recipients need training and education. The agency that has been doing this, and continues to do this, is the Employment and Training Agency of the Department of Labor. This bill distinguishes between welfare recipients and all other unemployed persons by placing them in a different category for experimental purposes by welfare/workfare officials. Welfare and workfare officials have no experience in employment and training services.

This problem has surfaced in the California workfare program, when it designated the training and education responsibility to the county welfare department. During the first year of operation by Fresno County, only 106 persons found employment with sufficient wages to make the families self-sufficient. The State employment agency found jobs for 789 persons during the fiscal year of 1984-1985. It appears that the State employment agency outperformed the State welfare agency by over 700%; yet, Congress still tries to transfer the administration of the JOBS program to the welfare agency.

SECTION 201.(4)-Maintenance of FISCAL Efforts By States

Summary of the Provision

States will not be allowed to use JOBS money to replace State funds that were used for workfare programs during fiscal year 1986.

Recipient Impact Statement

None

Recommendation

None

SECTION 201(5)-All Nonexempt Persons Required to Participate

Summary of the Provision

This provision provides that all mandatory participants shall be required to participate in the JOBS program, unless they do not have child care. Any person receiving cash aid may volunteer to participate. Moreover, States may allow, or require unemployed absent parents to participate in the JOBS program.

Recipient Impact Statement

The provision would force women who do not have adequate child care arrangements, to participate in the JOBS program. The provision does not contain sufficient protection insuring available child care when the participant receives a job offer.

This provision leaves the door wide open for State welfare officials to abuse poor women by requiring a 12 year old child to supervise a 6 year old sibling. This very problem is now occuring in Yuba County, California. This provision contains nothing to prevent the situation whereby the mother is forced to go to workfare and leave her children without any supervision, only [illegible] and find that the children have [illegible]ved from the home by Child Protection Services, another arm of the welfare department. This happened in San Diego, California.

While child care is not mandatory, it is only provided if the State agency can be shown that the parent needs child care arrangements.

We are contemptuous of the practice of forcing parents to become slaves to the federal, State or local government because they are poor or cannot find jobs with wages high enough to support their families in an economy that needs at least 6 or more percent unemployment.

Recommendation

Mandate that a "certificate of a child care slot" at a designated child care center is to be made available to any person who participates in the program *before* the recipient is required to participate in the program. When the participant has a certificate of a child care slot at a designmated child carte center, and is offered a job, he or she will not have to refuse to accept the job due to lack of child care and then turn around and look for work again.

SECTION 201(6)-Exemptions

Summary of the Provision

This provision contains most of the current exemptions. It also includes the categories of mandatory participants which includes custodial parents with:

> ***a. children over the age of three (3) years to be mandatory participants; and***
>
> ***b. children over the age of 1 to 3 to be mandatory participants at the option of the State welfare agency.***

Recipient Impact Statement

This provision fails to set forth how individuals would be allowed to establish these exemptions? What type of proof will they have to provide?

State agencies now require that an ill recipient will have to participate in the program, unless a statement from a doctor, stating that they are too ill to participate in the program, can be produced. Many clients cannot find a doctor who will take medicaid patients. Thus, they have to continue to slave for the federal, State and local government, even when they are ill.

This provision would also require a person who works less than 30 hours a week to quit his or her job and provide free labor for the federal, State and local government. The fact that some part-time jobs turn into full time jobs should be considered and it should be the clients' option rather than the welfare/workfare workers' option to leave a part time job to participate in the JOBS program.

Mothers, who are breast feeding their children will be forced to leave their children to provide free labor to federal, State and local government.

While foster children in America will have "parents" to guide them through their tender years, poor children will have their parents snatched away from them and marched to the workfare program to provide free labor to federal, State and local governmental entities.

Recommendation

Limit mandatory participation to recipients who have been on aid for more than six years and have a child over 12 years old. These are the long term recipients who should be mandatory participants of a program designed to help people get off welfare.

Persons working part-time should be exempted from the program, unless they volunteer to participate in the JOBS program.

All participants shall be asked in writing whether or not they meet any of the exemptions of the JOBS program. If they indicate or claim such an exemption, then such exemption shall be granted, unless the State has clear and convincing evidence to the contrary.

SECTION 201(7)-Requiring Both Parents to Participate in JOBS

Summary of the Provision

States would have the option of requiring both parents to participate in the JOBS program, if child care is assured.

Recipient Impact Statement

We have already commented on the false availability of child care and how State welfare agencies are not interested in insuring that children receive adequate care; rather, State welfare agencies are only concerned about reducing the welfare caseload, regardless of the costs.

Recommendation

The States should not have the option to require that both parents participate in the JOBS program. The option should be given to the parents since they are capable of making such decisions.

SECTION 201(8)- Encouraging Both Parents of a Two-Parent Family With a Child Under Six Years to Participate in the JOBS Program

Summary of the Provision

This provision would allow States to encourage both parents of a two-parent family with a child under the age of six years to participate in the JOBS program.

Recipient Impact Statement

Encouragement is no different from requiring both parents to participate in the JOBS program. When the welfare/workfare official makes a suggestion, most recipients go along with the suggestion for fear of losing their cash aid.

Recommendation

This provision should provide that such parent shall be informed that they do not have to participate in the JOBS program unless they choose to do so in writing.

SECTION 201(9) Self Initiated Education or Training

Summary of the Section

An individual who currently attends "an approved" school or training program, may continue in such program and may be eligible to receive only child care expenses.

Recipient Impact Statement

This section provides that if the State welfare/workfare officials approve the individual's self-initiated education or training program, then the individual would be allowed to complete that education or training. However, if the welfare/workfare officials do not approve of the education/training already started by the individual, then the individual will have to quit the education or training that he or she has begun, after making a financial investment or borrowing money, and be forced to provide free labor to the federal, State and local governmental entities.

Clearly, this section robs poor people of their attempts to independently try to become self-sufficient and it clearly tells welfare recipients to be totally dependent upon your welfare/workfare worker or lose the welfare benefits. This section exposes what this bill is really about- ***power to the workfare workers and make the poor completely dependent upon government.***

Recommendation

Change the current language to read:

> *"An individual who is attending an accredited post-secondary institution or a training program shall be deemed to be satisfactorily participating in the JOBS program without being required to attend any of the JOBS components."*

SECTION 201(10) Initial Assessment

Summary of the Provision

During the initial assessment, States are required to review the individuals' education and skills and may develop an employability plan which shall reflect the preference of the participant, "to the extent possible."

States have an option of entering into a contract with participants which will state the obligations of both the participant and the State under the program.

Recipient Impact Statement

These assessments are ways to produce jobs for workfare bureaucrats by using poor women and their children. Participants have no meaningfull participation in these assessments or the development of the "adhesive contacts".

Recommendation None

SECTION 201(11) The Adhesive Workfare Contact

Summary of the Provision

This provision allows the State welfare agency to "require each participant in the JOBS program to negotiate a contract with the State agency" that sets forth the participant's and State's obligation.

Clients also have a right to a fair hearing, if they disagree with the contract.

Recipient Impact Statement

The language of the statute makes it clear that "recipients are required to negotiate a contract". How can negotiation be mandatory? You cannot force people to negotiate.

In California, clients are not allowed to either complete their own contract or to specify what choices they desire. Rather, the workfare worker completes the contract and the client is told "sign it or else." The county welfare department never fills out welfare applications for clients, but they can't wait to complete the workfare contract. And the reason is—the person who completes the form has control over what goes into the form.

Recommendation

We believe that the bill should eliminate this phony contract and admit the truth—that poor people in America will be treated like third class citizens. They will be told what to do, when and how to do it, under the false and dishonest guise of making the poor "self-sufficient" with an "adhesive contract."

The State agency shall assess the participant. The out-come of the assessment, the name of the local legal and welfare rights office, the availability of the various types of supportive services, including a recommended component for participation shall be mailed to the participant. The participant shall have the right to select either the recommended component or one of his or her choice and the right to request the services the client believes is needed. The component selected by the recipient shall be deemed to be appropriate, unless there is clear and convincing evidence that the component selected by the participant is inappropriate.

This would insure that clients would be

empowered to select a reasonable component and ask for supportive services, without having the workfare bureaucrat breathing down their neck and telling them what they should write on the form, which is a common practice within the welfare system.

CCWRO has published a proposed "Welfare Reform Bill". This bill has specific language which contains all the necessary protections that clients needed for a agency-client agreement. With that language this alleged agreement will be another cruel joke upon the needy of America.

SECTION 201(12)-State Option to Give a Client a Case Manager

Summary of the Provision

This provision would give the State welfare agency the option of assigning each participant a case manager.

Recipient Impact Statement- None

Recommendation- None

SECTION 201(13)-Range of Services

Summary of the Provision

This provision provides that the State "may" provide a broad range of services available to JOBS participants. These services include education, training, workfare, work supplementation, and job search services.

Recipient Impact Statement

This section allows the State welfare agency to limit this so-called education and training program to job search and workfare for the rest of the recipients life.

There is no requirement that State agency provide any training or educational services to all clients.

Recommendation

The State agency shall have a full range of [illegible] before they are allowed to [illegible] program and the clients shall [illegible] that full range of options.

There should also be a prohibition against recycling clients through the same components over and over again.

SECTION 201(14)-JOBS Requirements for Mothers Under the Age of 21 Years

Summary of the Provision

A parent who is under the age of 21 and has not completed high school, and who is not otherwise exempt, shall be required to participate in:

- high-school training;
- remedial literacy training, or
- ESL.

If the State decides that education is not necessary, they may enroll such person in other JOBS components, such as workfare, job search, etc, in lieu of education.

Recipient Impact Statement

This section is unnecessary. It must have been placed here to mislead the public into believing that women under the age of 21 years old will be entitled to educational services, which is not truee—they are not entitled to any educational services.

The provision provides that if the State welfare agency finds that education is not necessary, then they shall be enrolled in other JOBS components.

In a meeting with the California State welfare agency, we were informed that, in the agency's opinion, it is not necessary speak English in order to find work in America.

With people like this running the JOBS program we can assure the authors of this bill that welfare mothers under the age of 21 years old will not get an education.

Recommendation:

This section is unnecessary if it is to stay permissive. The State already has the option of providing education in Section 201(13). If this section is to remain for honest purposes, then it should state that any person receiving cash aid under the age of 21 years old, who does not have a high school diploma, *shall* (not may) be required to attend high school, until they secure a high school diploma.

SECTION 201(15)-Component Assignment

Summary of the Provision

This provision provides that in deciding which component the participant shall be assigned, the State agency shall consider the participants health, physical capacity, skills, experience, place of residence and family responsibility. The participant shall not be forced to stay overnight at a job site in order to participate in a component.

Recipient Impact Statement

All of this rhetoric sounds appealing. However, this section does not give the client the right to state whether he or she does or does not want to participate in a given component. Rather, the State agency may take the client's reasons into consideration in making a final determination.

Recommendation

Allow the client to select the component in which they want to participate and abolish all of this unnecessary rhetoric about protecting clients.

Let poor people protect themselves without relying on the State bureaucrats. The authors of this bill would be surprised to discover what poor people can accomplish with a helping hand and without the preconceived notion that all poor people are ignorant.

SECTION 201(16)-Right to a Fair Hearing

Summary of the Provision

This section provides that the State welfare agency shall allow client to file for a fair hearing.

Recipient Impact Statement

It takes a law to give poor people what all other people of America have— Due Process of the Law.

Recommendation None

SECTION 416(g)-Workfare

Summary of the Provision

This section allows State welfare agencies to operate a workfare program, also known as "community work experience program", the pride and joy of Ronald Reagan and the right wing of the Republican Party and now adopted and promoted by most all Democrats.

The participation of the indivudal in the workfare program can go on forever. The States may, but not mandated to, take into consideration the participants' prior training, experience and skills.

Participants will have to work for minimum wage, less child support payments. Workfare participants are not suppose to displace paid workers.

Subsection 416(g)(a)(1)(D) makes sure that none of these protections would apply if a State wants to operate a workfare program that violates any of the protections in this bill.

Recommendation

We oppose involuntary servitude, even if it is coated with gold. However, we see no problem in a recipient wanting to volunteer in a workfare program, as long as it is limited to as long as the participant wants to be in the program.

If this section is not repealed, then mandatory CWEP should be limited to three (3) months, which is similar to the San Diego County Workfare program, which has been labeled to be a successful program.

SECTION 416(h)(1) and (2)-Job Search

Summary of the provision

This section allows States to require an eight (8)-week job search requirement for applicants and recipients during any twelve (12) consecutive months.

Recipient Impact Statement

This provision ignores the fact that there may be no jobs in the community in which the client is required to do job search. We feel this is another way to harass poor people.

We have witnessed poor women spending their childrens' food money (and the children go hungry) to look for non-existent jobs in fear of losing their AFDC benefits.

Futile efforts in job search benefits only the workfare bureaucrats in that they have a reason to get a monthly paycheck from the welfare department. It harms the children of the family, because their single parent has less time to spend with them on school work, and less money in which to buy food.

Recommendation

Job search should be limited to three (3) weeks with advance payment for transportation expenses in localities that have less than 4% unemployment. In all other localities job search should be voluntary.

SECTION 416(h)-Sanctions

Summary of the Provision

Individuals who are required to participate in the JOBS program, and who fail to do so without good cause, shall be subject to the following fiscal sanctions:

SINGLE PARENT FAMILIES

- In single parent families, the individual's needs shall not be taken into account in calculating the cash aid benefits and the remainder of the grant shall, where feasible, be paid to a substitute payee.

- After the first instance of non-cooperation, the penalty shall be imposed until such time as the individual cooperates.

- After the second instance, the penalty shall be imposed until the individual cooperates or for three months, whichever is longer.

- In subsequent instances, the penalty shall be imposed until the individual cooperates or for six months, whichever is longer.

TWO PARENT FAMILIES

- In two-parent families, when the principal earner fails to cooperate, the entire family will become ineligible for cash aid.

- After the first instance of non-cooperation, the penalty shall be imposed until such time as the principal earner cooperates.

- After the second instance, the penalty shall be imposed until the principal earner cooperates or for three months, whichever is longer.

- After subsequent instances, the penalty shall be imposed until the principal earner cooperates or for six months, whichever is longer.

Recipient Impact Statement

This is what the JOBS program is all about: sanctions, sanctions and more sanctions.

How can one explain to his/her children that they cannot eat and they have to live in the streets because daddy or mommy was late to a workfare assignment. S/he begs to return to his/her work program assgnment, but the workfare law says s/he has to be punished this way for three months or in many cases, six months.

Why punish the children for what their parents have done. Americans are not callous, they do not enjoy seeing children suffer. The message being sent through this bill is, "We do not care what happens to poor children".

Recommendation

It is barbaric to deny food and shelter to poor children in order to punish the parents. Such barbarism has no place in a civilized nation, unless the authors of this bill do not believe that America is a civilized nation, which is the current view of many welfare recipients today.

If Congress feels compelled to punish someone, then they should only punish the parent who committed the act of non-cooperation and leave the children alone.

The parent should be taken out of the grant until they agree to cooperate. Once they agree to cooperate, they should be right back on the grant. This would also simplify the system.

SECTION 402-Payments of Child Care, Transportation, and Other Work Related Expenses

Summary of the Section

This section provides that the State agency can decide what child care services will be available to the recipient, when and how he/she shall receive it.

Recipient Impact Statement

The recipient will have zero rights in determining anything concerning child care arrangements for his or her child. And if they interfere with the States' right to make it's decision about child care, then the recipient will be found not to be cooperating with the JOBS program and fiscal sanctions will be imposed against the family. The recipient is totally dependent upon the State.

Recommendation

No welfare worker nor anyone else should tell a parent what type of child care their child should receive. Welfare recipients are not the personal property of the welfare/workfare bureaucrat.

Applicants and recipients shall have the right to select the type of child care they wish for their children and they shall only be required to participate if they have verifiable child care in case they get a full time job.

No participant shall use his or her cash aid to meet the expenses of the JOBS program. The State agency shall issue advance payments of child care and transportation, unless the participant knowingly and willingly waives his or her right to such advance payments.

SECTION 403- Federal Matching Rate

Summary of the Section

This section provides that the federal government will appropriate $140 million dollars to States and States would have to provide the first 10%. Once a

State has used up its share of the $140 million, the federal government would then provide 60% of additional money spent by State governments for workfare.

The federal government would provide a 50% match of the administrative costs.

Federal matching for child care expenses will be limited to $160 per child.

Recipient Impact Statement

We believe that $160 a child is very low.

We believe that States should not be allowed to receive any federal funds unless they are accountable and that they use that money to find jobs for poor people, rather than using the money solely for the purposes of creating jobs for welfare/workfare bureaucrats.

Recommendation

States shall receive matching funds only if they find jobs for participants. If they fail to find jobs for participants, then they should receive no money. As this bill would impose severe financial sanctions against poor persons and innocent children, because the parent failed to do what they were supposed to do, State agencies should also be equally punished for failing to do their job.

We realize that the bill does not specify what the States responsibilities are, which can be a problem in holding States accountable. We hope the authors can determine the States responsibilities and impose equal sanctions against them.

SECTION 203-Repeal of the WIN Program

Summary of the Section

Recipient Impact Statement

This section would repeal the WIN program.

We never thought we would be sad to see the WIN program go, but the WIN program is a jewel compared to the mean-spirited JOBS program and all of the other workfare proposals before Congress to date.

Recommendation

Maintain the WIN program.

SECTION 204-Regulations; Performance Standards and Studies

Summary of the Section

This section provides that the Secretary of HHS shall promulgate proposed regulations implementing the JOBS program within six (6) months and have the final regulation within one year.

It also provides for the formulation of performance standards with the input of State officials.

Finally, it provides that HHS should conduct studies to see how the program is working.

Recipient Impact Statement

Again, poor people are not meaningfully involved in the development of performance standards of a program that is allegedly being created to serve the poor and not the State welfare/workfare officials.

The studies will not research what happens to the sanctioned children or the number of people who found jobs directly as a result of the JOBS program. The bill does not address the hard truth—this is a punitive program, not designed to help poor people.

Recommendation

If the purpose of this program is to help people, then studies should clearly show how many people found jobs and which program components were the most and least effective in the welfare system. The studies should show how much money was spent on the program. Moreover, the studies should involve the poor and their representatives in the planning and design of the program performance standards.

SECTION 205-Effective Date

Summary of the Section

This section provides that, generally the provisions of Title II shall be effective October, 1989, but the JOBS program can go into effect earlier.

Recipient Impact Statement

While workfare goes into effect right away, States can delay the implementation of the other positive features of this bill.

Recommendation

The complete package should go into effect simultaneously.

TITLE III

TRANSITIONAL ASSISTANCE

SECTION 301 and 302-Extended Eligibility for Child Care and Medical Assistance

Summary of the Provision

This section provides that a family can receive nine (9) months of child care and medical assistance, if they were on cash aid within three (3) of the proceeding six (6) months.

The child care services will be available to the extent that the State welfare agency determines it to be reasonably necessary for the recipients continuing employment.

It also requires that the family contribute to the cost of transitional child care on a sliding scale system.

Recipient Impact Statement

What happens after nine months? Once child care and medical assistance stops, the recipient would, most probably, be forced to quit the job. Employers would complain to their Congresspersons and Senators that although they gave a welfare recipient a job, the recipient didn't really want the job. Moreover, most recipients would not receive any transitional child care services. In order to receive child care, a recipient must meet the vague test of "needing child care that the State welfare agency determines to be reasonably necessary for his or her employment."

With the sliding scale system, States can charge exactly what a private day care charges.

Recommendation

It is not fair to give people hope only to give them another disappointment.

Transitional child care should be provided as long as the person States that he or she needs it or subsidized child care becomes available, whichever is earlier. Such statement of need should be accepted as true, unless the State welfare agency has clear and convincing evidence that the recipient does not need the child care services.

A sliding scale fee arrangement should be developed by the federal government and should not exceed 5% of the client's net earnings.

TITLE IV

FAMILY LIVING ARRANGEMENT

SECTION 401- Households Headed by Minor Parents.

Summary of the Section

This section provides that any minor parent (under the age of 18) who has never married and who is eligible for cash aid may receive such cash aid only when living with a parent, legal guardian or other adult relative.

This provision does not apply to those minors who do not have any living parent or legal guardian, or the parent/legal guardian will not allow such minor parent to live in their home, or the minor child has lived away from at least one year prior to having the child.

If such minor parent has not finished high school, States may require such minor parents to go to high school as a condition of eligibility, unless the minor does not have child care.

Recipient Impact Statement

This is another attempt by Congress to impose their moral value judgments upon the poor people of this Country.

However, poor people are used to being pushed around and this could have much been much worse.

Recommendation

None

Section 402-Two Parent Family-*SUPPORT*

Summary of the Section

This section provides that all two parent families shall receive cash aid. Under current law, not all States provide aid to two-parent families.

Recipient Impact Statement

This is a provision that has already been in conference on two or three occasions before and it was defeated by the Senate, because Senator Long hated poor two-parent families.

Now with Senator Russel Long gone and the Democrats in control of the Senate, there is no reason to enact a mean-spirited workfare program in return for aid to two-parent families.

Recommendation

None.

TITLE V

BENEFIT IMPROVEMENT

SECTION 501- Periodic Re-evaluation of Need and Payment Standards

Summary of the Section

This section provides that States shall review their benefit levels at least once every five years and send a report to HHS.

Recipient Impact Statement

Currently HHS publishes a report each year setting forth the amount that each State pays.

What is really needed humane benefit levels of cash aid payments for families with children in America. The current level of cash aid payments are disgraceful for a civilized nation.

The following states pay the following amounts for an adult and three children:

Arkansas	$224
Louisiana	$234
Missisippi	$144
Puerto Rico	$104
Tennessee	$186
Texas	$221*

Recommendation

The cost of living is about the same throughout this country. There is no reason to have a national program providing assistance to families and having payment so ridicously low.

This bill should be amended to mandate that families be provided with at least 75% of the poverty level in benfit payments if they are required to work for their benefits. Cas aid payments at this rate is an insult, even though it is better than nothing. True reform would address this problem with action, not symbolic reports that do nothing.

TITLE VI

DEMONSTRATION PROJECTS

SECTION 601 et.seq.

Summary of the Section

This title authorizes several State demonstration projects to operate various types of programs.

Recipient Impact Statement

We oppose all demonstration programs in which the poor and their representatives do not have meaningful participation in the planning and designing stages. Most of these programs are attempts to satisfy the intellectual needs of some academics in America by using poor people as guinea pigs.

Recommendation

Only demonstration programs developed jointly with the poor and their representatives should be implemented.

TITLE VII

WAIVER AUTHORITY

SECTION 801

Summary of the Section

This section authorizes HHS to grant 10 demonstration programs wherein States are free to do whatever they want.

Recipients Impact Statement

We oppose all demonstration programs when the poor do not have meaningful participation in the planning and designing the program. These programs will authorize the States to operate programs that will disregard all current statutory and regulatory protections now available to recipients. They can easily turn these programs into facsimiles of the current general assistance(GA)/general relief (GR) programs operated by States and localities.

Although the statute provides that current recipients will not experience reductions in aid payments, the waiver authority makes available a thousand and one opportunities to impose eligibility requirements that will reduce the overall caseload and deny aid to the truly needy while still maintaining the current level of benefits for those who survive. These tactics have been utilized in general assistance programs throughout the Country. In California, courts have ordered increased benefit levels; yet the total amount of funds spent on general assistance did not rise. Perversely, the GA/GR budgets in those counties decreased as the counties adopted innovative means to deny aid to the truly needy; adding thousands of single individuals and childless couples to the ever growing homeless population of America.

Recommendation

We have no objections to HHS issuing waivers to States to operate programs that will increase the rights of the poor, not reduce the rights of the poor. If these programs are truly designed to benefit the poor, then they should be designed by law to increase their current rights and benefits.

ABOUT THIS PUBLICATION

& CCWRO

CCWRO is a non-profit organization representing welfare recipient organizations throughout the State of California.

CCWRO publishes a monhtly publication called the California Workfare Reporter". CCWRO has also published case analysis of families who were victimized by the workfare and welfare program operators.

The recipient impact statements of H.R. 1720 is a product of intense discussions with welfare advocates who, combined, represent centuries of experience in workfare programs.

Legal analysis was done by Grace Galligher, Attorney at Law

The primary author of the report was Kevin Aslanian, who has been actively involved in welfare rights advocacy for over 15 years. He is also a former recipient of welfare benefit.

CCWRO wishes to express its appreciation to all persons who participated in this project and to those who will read this analysis.

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COMPARATIVE ANALYSIS OF THE WORKFARE PROVISIONS OF THE WELFARE REFORM BILLS BEFORE CONGRESS IN 1987-PAGE 1 OF 6

ISSUES	CURRENT LAW	WAYS & MEANS COMMITTEE*	ED. & LABOR COMMITTEE**	S. 1511 MOYNIHAN***	REPUBLICAN BILL ****
PROGRAM OPERATION	The State employment service agency, which the Reagan administration has been trying to close for several years, operates the jobs and training program for welfare and non-welfare recipients.	This program will be operated by the welfare department. Welfare recipients would not receive job and training services from the same agency that serves non-welfare recipients. Moreover, this aids the Administration's justification to shut down the employment agency for the unemployed of America.	The Department of Labor will operate this program. The governor of the State will designate either the State welfare or employment agency to operate the program, depending upon which agency can do the best job for welfare recipients.	Same as Ways and Means.	Same as Ways and Means.
RECIPIENT INVOLVEMENT	There is no community involvement of the poor in the formulation of work programs for the poor.	There is no requirement that welfare recipients or their representatives be involved in the formulation of programs which serve them.	The Secretary is required to involve the organizations representing the eligible participants in an advisory committee to develop performance standards for the States.	Same as Ways and Means.	Same as Ways and Means.
REQUIRED PARTICIPATION IN THE PROGRAM	Any person without a child under the age of 6 years is required to participate in the program, unless he or she is exempt for some other reason.	States may require any person with a child over the age of 3 years to participate full time. A person with a child under the age of 3 years may be required to participate 20 hours a week in a work program. * HR 1720	All persons with children over the age of 6 years must participate. Women with children over the age of 3 must participate part-time. ** An Amendment to HR 1720	All relative caretakers with children over the age of three will be required to participate in all instances. Women with children between the ages of 1 and 3 can be required to participate at the State's option. *** The Senate Welfare Reform Bill	All persons are required to participate, except for a six month period following the date that the woman gives birth to a child and three months prior to the due date for giving birth to a child. **** HR 3200

September, 1987

By National Welfare Rights Union

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COMPARATIVE ANALYSIS OF THE WORKFARE PROVISIONS OF THE WELFARE REFORM BILLS BEFORE CONGRESS IN 1987-PAGE 2 OF 6

ISSUES	CURRENT LAW	WAYS & MEANS COMMITTEE	ED. & LABOR COMMITTEE	S. 1511 MOYNIHAN	REPUBLICAN BILL
EXEMPTIONS	Under current law any person who is ill, incapacitated, of advanced age, who is so physically remote from the employment service agency that effective participation is precluded or whose presence in the home is required because of illness or incapacity of another member of the household is exempt from the program.	Same as current law.	Same as current law.	Same as current law.	Same as current law.
PRIORIT	There are no mandatory priorities as to which group of recipients would be required to participate first.	The bill contains suggested priorities, but these priorities are not mandatory.	The State agency is required to identify the priorities in their plan, but the bill fails to establish mandatory priorities.	No provision.	No provision.
NET LOSS OF INCOME	Cash assistance recipients will not be required to accept jobs that pay less than then the cash aid amount received by the family.	No participant can be required to take a job that would result in a net loss of income-- including the value of all welfare benefits such as food stamps and Medicaid.	Participants cannot be forced to take a job that will pay less than federal minimum wage. If the job pays less than cash aid, then the State agency shall establish a program to issue supplemental payments for a 12 month period to assure that the family does not experience a net loss of income.	No participant can be required to take a job if taking the job would result in a net loss of income-- including the value of all welfare benefits such as food stamps and Medicaid, unless the State gives a supplementary cash payment to make up the difference.	The job must pay at least minimum wage.
CLIENT INPUT	No recipient participation in the current process.	Same as current law.	The State plan for employment and training shall be published and be available for public comments for a 30 day period. In addition recipient organizations shall be involved in the planning and designing of the program.	Same as current law.	Same as current law.

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COMPARATIVE ANALYSIS OF THE WORKFARE PROVISIONS OF THE WELFARE REFORM BILLS BEFORE CONGRESS IN 1987-PAGE 3 OF 6

ISSUES	CURRENT LAW	WAYS & MEANS COMMITTEE	ED. & LABOR COMMITTEE	S. 1511 MOYNIHAN	REPUBLICAN BILL
ASSESSMENT & CONTRACT	All registrants are assessed by the WIN worker. After assessment, the registrant signs a statement indicating that he or she understands his or her rights.	The State agency would be required to look at the educational needs, skills and employability of each client and develop an employability plan. This plan does not have to reflect the preference of the participant. After assessment the participant has to enter into an agreement with the state welfare agency. This agreement would set forth the responsibilities of the participant. It would also set forth the consequences that the participant would suffer for failing to meet the provisions of the adhesive contract.	The State agency will assess the participant. The participant would have the right to select one of the various options available. Participants must enter into an agency-client agreement. The participant has 10 days to change the his or her mind, after s/he signs the agency-client agreement.	States may assess participants at the point of application. States may also enter into a contract with participants. But States do not have to do an assessment or enter into a contract if they do not want to do so.	Participants would be assisted by the state welfare agency to select one or more of the components available under the range of services.
RANGE OF SERVICES	States provide various range of services to participants.	The State welfare agency has to provide remedial education, job search, job readiness activities, counseling, information and referral, job placement services and two other services from the following list of services: workfare, on-the-job training, skills training, work supplementation and other services.	The State agency has to make a full range of services available, which including work experience, job search services, remedial education, institutional job skills training, on-the-job training and the right to complete any training or educational program which can reasonably be expected to lead to employment.	The State agency can operate a program that will be exclusively workfare and job search.	The State agency can operate a program that will be exclusively workfare and job search.

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COMPARATIVE ANALYSIS OF THE WORKFARE PROVISIONS OF THE WELFARE REFORM BILLS BEFORE CONGRESS IN 1987-PAGE 4 OF 6

ISSUES	CURRENT LAW	WAYS & MEANS COMMITTEE	ED. & LABOR COMMITTEE	S. 1511 MOYNIHAN	REPUBLICAN BILL
WORKFARE	Participation in the workfare program is limited to persons who would obtain employment promptly as a result of participation in the workfare program.	Participation in a workfare program is limited to a six month period. In computing the number of hours for which the welfare recipient would have to provide uncompensated labor to local, state and federal governments, their AFDC benefits would be divided by the minimum wage, less any child support received by the family.	No provisions, except that States cannot use IV-C funds to operate a workfare program. The bill prohibits any funds to be used for workfare programs, but it establishes "work experience programs" designed to provide work experience to participants for a three month period.	Same as current law.	Would allow States to operate non-stop workfare programs to work for their cash aid and food stamp benefits divided the federal minimum wage to determine the number of hours the family has to work for free in a given month.
JOB SEARCH	Job search is limited to a 13-week period for any given calendar year.	At the State agency's option, participants can be required to do job search while participating in any of the various components, i.e. workfare, education, training, etc. The statute does not prohibit the state agency from requiring applicants to make 25 job contacts a week, in places where there are very few jobs available.	Limits job search to an eight week period for applicants and recipients.	Limits job search to eight weeks in any consecutive 12 month period.	Same as current law.
REPETITION OF COMPONENT	Repetition of workfare, or training programs without pay, such as picking grapes for farmers under the disguise of alleged training over and over, year after year.	Same as current law.	The bill does not allow States to require participants to repeat a	Same as current law.	Same as current law.

COMPARATIVE ANALYSIS OF THE WORKFARE PROVISIONS OF THE WELFARE REFORM BILLS BEFORE CONGRESS IN 1987-PAGE 6 OF 6

ISSUES	CURRENT LAW	WAYS & MEAN COMMITTEE	ED. & LABOR COMMITTEE	S. 1511 MOYNIHAN	REPUBLICAN BILL
CHILD CARE AND OTHER SUPPORTIVE SERVICES	Provides supportive services of child care and transportation that are reasonably necessary as determined by the State agency. Generally payments for such services are reimbursed.	Essentially the same as current law.	Essentially the same as current law.	Essentially the same as current law.	Essentially the same as current law.
SELF INITIATED PROGRAM	A participant can only complete the education or training he or she has started, provided it is approved by the State welfare agency, and approves the training or educational program is less than 1 year.	Participants in a self-initiated school or training program that would lead to employment, will be allowed to complete these courses.	Any person attending an accredited postsecondary institution and making satisfactory progress in a vocational or undergraduate education or training program consistent with the individuals employment goals, shall be deemed to be participating satisfactorily in the employment program.	Persons in self-initiated vocational training, school, or postsecondary institution will not have the right to continue their self-initiated education.	Persons in self-initiated vocational training, school, or postsecondary institution will not have the right to continue their self-initiated education.
FEDERAL FINANCIAL PARTICIPATION	The federal government provides 50% federal financial participation for the operation of workfare and job search programs.	States will receive 75% federal financial participation for workfare and job search related administrative activities.	The bill authorizes $650,000 for fiscal year 1988.	$140 million authorized at 90% federal reimbursement and 60% federal reimbursement, open-ended, for expenditures above $140 million.	Authorizes $500 million in FY 1988 and such sums as necessary thereafter to pay for the employment and training program and transition benefits.

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COMPARATIVE ANALYSIS OF THE WORKFARE PROVISIONS OF THE WELFARE REFORM BILLS BEFORE CONGRESS IN 1987-PAGE 5 OF 6

ISSUES	CURRENT LAW	WAYS & MEANS COMMITTEE	ED. & LABOR COMMITTEE	S. 1511 MOYNIHAN	REPUBLICAN BILL
EDUCATION	States can allow registrants to enroll in an educational course for up to a two year period.	The State agency does not have to provide remedial education to a person who the State agency determines does not need remedial education in order to find a job.	Education is one of the options that participants can select.	Education is one of the options that states may offer to clients, but clients are not entitled to educational services.	Same as current law.
SANCTIONS	In the case of a single parent, the parent cannot be included in the family budget unit for three months for the first offense, and six months for the second and subsequent offense. For two-parent families, the entire family is denied AFDC benefits for a three month period for the first offense and six-months for the second and subsequent offense. The State agency is required to provide child care and other services, if it is determined by the State agency that participants need such services. There is no guarantee that participants will have child care if he or she finds employment.	For the first time non cooperation by the parent of a single parent family, the parent would be excluded from the payments until he or she agrees to cooperate again. The parent would be sanctioned for a minimum of three months (or for many many months at the option of the State) for the second or subsequent time. For two-parent families the same time periods apply, except that the entire family would be ineligible.	Prior to imposing the barbaric sanctions of existing law contained in Section 402(a) (19) (F), the State agency would give the participant a second chance to correct whatever they did wrong to avoid any sanctions through conciliation.	• In single parent families, the individual's needs shall not be taken into account in calculating the cash aid benefits and the remainder of the grant shall, where feasible, be paid to a substitute payee. • In the first instance of non-cooperation, the penalty shall be imposed until such time as the individual cooperates. • In the second instance, the penalty shall be imposed until the individual cooperates or for three months, whichever is longer. • In subsequent instances, the penalty shall be imposed until the individual cooperates or for six months, whichever is longer. • In two-parent families, when the principal earner fails to cooperate, the entire family will become ineligible for cash aid. • In the first instance of non-cooperation, the penalty shall be imposed until such time as the principal earner cooperates. • In the second instance, the penalty shall be imposed until the principal earner cooperates or for three months, whichever is longer. • In subsequent instances, the penalty shall be imposed until the principal earner cooperates or for six months, whichever is longer.	Same as current law.

September, 1987
By National Welfare Rights Union
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STATEMENT OF SENATOR LLOYD BENTSEN

HEARING ON WELFARE REFORM - OCTOBER 14, 1987

TODAY'S HEARING IS THE SECOND BY THE FULL COMMITTEE ON FINANCE ON THE SUBJECT OF WELFARE REFORM. THIS HEARING SHOULD BE ESPECIALLY HELPFUL, BECAUSE IT PROVIDES THE COMMITTEE WITH ITS FIRST OPPORTUNITY TO HEAR THE VIEWS OF WITNESSES ON SPECIFIC LEGISLATION.

WE NOW HAVE BEFORE US S. 1511, THE FAMILY SECURITY ACT, INTRODUCED BY SENATOR MOYNIHAN; S. 1001 AND S. 869, CHILD SUPPORT ENFORCEMENT BILLS INTRODUCED BY SENATOR BRADLEY AND SENATOR DOLE; AND S. 1655, THE AFDC EMPLOYMENT AND TRAINING REORGANIZATION ACT, INTRODUCED BY SENATOR DOLE, COMPANION TO A BILL INTRODUCED IN THE HOUSE BY REPRESENTATIVE MICHEL. IN ADDITION, WELFARE REFORM LEGISLATION HAS RECENTLY BEEN REPORTED BY THREE HOUSE COMMITTEES.

EARLIER THIS YEAR, THE NATION'S GOVERNORS ISSUED A STATEMENT RECOMMENDING THAT WE "TURN WHAT IS NOW PRIMARILY A PAYMENTS SYSTEM WITH A MINOR WORK COMPONENT INTO A SYSTEM THAT IS FIRST AND FOREMOST A JOBS SYSTEM, BACKED UP BY AN INCOME ASSISTANCE COMPONENT."

THIS STATEMENT UNDERSCORES A POINT ON WHICH MOST AMERICANS AGREE - WELFARE REFORM LEGISLATION MUST BRING ABOUT A FUNDAMENTALLY NEW DIRECTION FOR THE NATION'S WELFARE SYSTEM.

WE KNOW FROM EXPERIENCE THAT THIS MAY BE DIFFICULT TO ACCOMPLISH. IN YEARS PAST, THE CONGRESS HAS ENACTED OTHER LAWS DESIGNED TO ACHIEVE THIS SAME OBJECTIVE. THE MOST NOTABLE EXAMPLE IS THE WIN PROGRAM. WHEN IT STARTED 20 YEARS AGO, WIN OFFERED GENEROUS OPEN-ENDED ENTITLEMENT FUNDING FOR DAY CARE, AND A WIDE ARRAY OF EDUCATION, EMPLOYMENT, AND TRAINING PROGRAMS. THE EXPERTS ESTIMATED THAT THESE PROGRAMS WOULD HELP LARGE NUMBERS OF WELFARE RECIPIENTS OUT OF DEPENDENCY.

UNFORTUNATELY, WIN NEVER LIVED UP TO ITS PROMISE. IT WAS ENACTED AT A TIME WHEN THE VALUE OF EMPLOYMENT AND TRAINING PROGRAMS WAS SERIOUSLY QUESTIONED. IT HAD AN ADMINISTRATIVE

STRUCTURE THAT WAS COMPLEX AND LACKED ACCOUNTABILITY. AND NEITHER THE ADMINISTRATION, THE CONGRESS, NOR THE GOVERNORS AND STATE LEGISLATORS WERE FULLY SUPPORTIVE OF IT. LACKING BROAD SUPPORT, IT HAS BEEN WHITTLED AWAY YEAR BY YEAR, DEMORALIZING RECIPIENTS AND ADMINISTRATORS ALIKE.

THE LESSON OF WIN WAS COSTLY, BOTH IN TIME AND HUMAN RESOURCES, AND WE CANNOT AFFORD ANOTHER 20-YEAR DIGRESSION.

WE NEED NOW TO FASHION A FIRM AND EFFECTIVE WELFARE STRUCTURE, ONE THAT ADDRESSES THE NEEDS OF ALL REGIONS OF THE COUNTRY.

I BELIEVE THERE IS CONSENSUS ON TWO MAJOR ELEMENTS INCLUDED IN THE BILLS BEFORE US. ONE IS THAT THE CHILD SUPPORT ENFORCEMENT PROGRAM MUST BE STRENGTHENED.

THE SECOND IS THAT WE MUST BUILD A VASTLY IMPROVED PROGRAM OF EDUCATION, EMPLOYMENT, AND TRAINING FOR WELFARE RECIPIENTS. ENABLING THE PARENTS OF NEEDY CHILDREN TO PARTICIPATE MORE FULLY IN THE ECONOMIC LIFE OF THE COUNTRY IS SURELY THE MOST IMPORTANT TASK BEFORE US. AND HOW WE GO ABOUT DOING THIS WILL DETERMINE WHETHER WE INITIATE REAL REFORM, OR JUST ANOTHER PROGRAM THAT LATER PROVES TO BE A DISAPPOINTMENT.

BUILDING A NEW PROGRAM IS A COMPLEX TASK, ABOUT WHICH THERE ARE MANY VIEWS, AND WE WILL HEAR SOME OF THEM TODAY. BUT I WOULD LIKE TO TAKE A MINUTE OR TWO TO OUTLINE WHAT I BELIEVE TO BE SEVERAL FUNDAMENTAL PRINCIPLES FOR A SUCCESSFUL NEW PROGRAM.

FIRST. WE NEED A SYSTEM OF FINANCING THAT IS STABLE AND SUSTAINABLE, AND THAT TAKES INTO CONSIDERATION THE FISCAL CAPACITY OF BOTH THE FEDERAL GOVERNMENT AND THE INDIVIDUAL STATES.

SECOND. WE NEED AN ADMINISTRATIVE STRUCTURE THAT BUILDS ON EXISTING RESOURCES, ENCOURAGES STATE AND LOCAL INITIATIVE, AND THAT CAN BE HELD ACCOUNTABLE FOR SUCCESS OR FAILURE.

THIRD. WE NEED TO ESTABLISH AN EFFECTIVE PLANNING PROCESS, TO ASSURE THE BEST USE OF LIMITED RESOURCES, AND TO COORDINATE TRAINING PROGRAMS WITH AVAILABLE JOBS IN THE COMMUNITY.

FOURTH. OPPORTUNITIES AND OBLIGATIONS MUST GO HAND-IN-HAND. PROGRAMS MUST BE PERCEIVED AS FAIR BOTH BY RECIPIENTS, AND BY THE COMMUNITY AT LARGE.

FIFTH. WE NEED A PROGRAM THAT IS FLEXIBLE. RECENT RESEARCH HAS GIVEN US NEW INSIGHTS INTO THE VALUE OF EMPLOYMENT AND TRAINING PROGRAMS FOR WELFARE RECIPIENTS, BUT THERE IS MUCH YET TO BE LEARNED. STATES MUST BE ABLE TO ADAPT TO CHANGING SITUATIONS AND TAKE ADVANTAGE OF NEW EXPERIENCE AND KNOWLEDGE.

THERE IS ONE FINAL OBSERVATION THAT I WOULD LIKE TO MAKE. THIS COMMITTEE AND OTHERS IN THE CONGRESS ARE CURRENTLY ENGAGED IN THE PROCESS OF BUDGET RECONCILIATION. WE ARE BEING ASKED TO MAKE TOUGH CHOICES - RAISE TAXES AND CUT SPENDING, TO REDUCE THE DEFICIT AND PROMOTE A STRONG ECONOMY, WITHOUT WHICH ANY EFFORT AT WELFARE REFORM WILL FAIL.

THIS PAINFUL BUDGET EXERCISE REMINDS US THAT WE MUST CHOOSE OUR PRIORITIES WITH CARE. IN WELFARE REFORM, AS IN EVERY OTHER AREA OF NATIONAL POLICY, WE CANNOT DO EVERYTHING THAT WE WOULD LIKE TO DO.

HAVING SOUNDED THIS CAUTIONARY NOTE, LET ME ALSO SAY THAT I BELIEVE WE CAN MOVE FORWARD, CLEAR IN OUR PURPOSE OF SETTING A NEW DIRECTION FOR WELFARE, AND COMMITTED TO MAKING THE LONG-TERM INVESTMENT THAT WE KNOW IS NECESSARY IF WE ARE TO SUCCEED.

WE WELCOME OUR WITNESSES TODAY. THEY ARE DIVERSE IN THEIR PERSPECTIVES, AND WILL SURELY ENRICH OUR UNDERSTANDING OF THE IMPORTANT ISSUES BEFORE US.

[illegible] OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

OCT 14 1987

The Honorable Lloyd Bentsen
Chairman, Committee on Finance
United States Senate
Washington, D. C. 20510

Dear Mr. Chairman:

This is in response to your request for a report on S. 1511, a bill entitled the "Family Security Act of 1987". In addition to the following general comments, we have enclosed a section-by-section summary and analysis of the bill and cost estimates for each section.

We fully support Congressional efforts to eliminate the injustice of parents failing to assume responsibility for their children's support and help low-income families become and remain self-sufficient. Certain provisions of this bill take a major step toward accomplishing these goals through improvements that would enhance State efforts to obtain child support from absent parents, such as requiring mandatory State guidelines for setting and updating child support awards.

However, in four critical areas this bill is not acceptable to the Administration because it fails to accomplish its stated goals.

First, while stating its intention to provide greater support to low-income families to become and remain self-sufficient, S. 1511 has included provisions which will have just the opposite effect. By making mandatory the currently optional coverage of two-parent families, and allowing for expanded eligibility under the program, S.1511 would reduce the work effort of many who are capable of self-support and significantly increase the welfare rolls. The President has made clear his opposition to a mandatory program, which would cost the States which do not now choose to have a two-parent program $867 million over five years and could lead to reductions in benefits for those who are in greater need. This opposition is only strengthened by provisions of S. 1511 that would allow States to establish a guaranteed annual income by changing the traditional requirements for recent work history and unemployment of the family's principal wage earner. Specifically, S. 1511 would substitute education for work when defining "employment" and permit a family with a fully employed principal wage earner to qualify for cash benefits and accompanying Medicaid coverage. These profound changes in the nature and scope of the AFDC program are unacceptable to the Administration.

Second, the bill's numerous individual demonstrations--with no provisions for rigorous evaluation and potentially significant costs--and the very limited waiver authority contained in title VIII of the bill, do not allow for the serious testing of welfare reform ideas that the country so desperately needs. To meet this need, we support the creation of a single, broad demonstration authority which would allow States to sponsor community-based projects which could test innovative alternatives to the current public assistance system. This broad demonstration authority, incorporated into the proposed Low-Income Opportunity Improvement Act, S. 610, is fundamental to the Administration's acceptance of any welfare reform proposal.

Third, the JOBS proposal contained in S. 1511, which is intended to help low-income families become self-sufficient through participation in an employment, education and training program, would add approximately $1.4 billion to the Federal budget over five years while doing little to reduce welfare dependency. This proposal would have limited effectiveness because it does not make the necessary commitment to wide-scale mandatory participation, particularly among potentially long-term recipients.

Any effective work program for welfare recipients must establish mandatory participation standards and involve mothers with young children. S. 1511 fails to meet either of these criteria. Research has shown that the key element of a successful work program is to reach a large number of individuals with the appropriate type of assistance--and the only way to accomplish this is through mandatory participation standards. In addition, mothers with children under age 3 (who may participate under this bill only at State option, and then only mothers with children over age 1) represent almost two-thirds of those likely to be dependent on welfare for long periods of time.

Fourth, the bill requires States to provide new and expanded Medicaid and child care benefits intended to facilitate the transition from welfare to work. A variety of such benefits already are in place--Medicaid transitional coverage, the child care disregard, and the earned income disregard. There is no evidence that requiring States to provide the new benefits proposed in S. 1511 will do anything more than expand the welfare rolls. In addition, in the case of Medicaid, requiring States to provide expanded transitional benefits could divert scarce resources that they might otherwise use for optional Medicaid coverage of low-income groups that they believe have more urgent health care needs--pregnant women, infants, children, the elderly and so on.

Finally, we believe that many of the areas in the Child Support Enforcement program identified in this bill as needing improvement can be dealt with under current authority. For example, the bill recognizes that strengthened paternity establishment standards and time limits for responding to requests for assistance are essential components of any efficient and effective State child support enforcement program. Using the authority contained in current law we are working to strengthen these areas.

We would like to underscore our willingness to work with Congress and the States to achieve the objectives we all agree are desirable. In fact, S. 1655, pending before your Committee and enjoying broad-based support, represents a positive reform of the current welfare system which will reduce dependency in a cost-effective manner. This measure, introduced in the House as H.R. 3200 by Representatives Michel and Brown, has been endorsed by the President. We urge the Committee to give favorable consideration to this proposal.

We are advised by the Office of Management and Budget that there is no objection to the presentation of this report and that enactment of S. 1511 would not be in accord with the program of the President.

Sincerely,

Otis R. Bowen, M.D.
Secretary

TITLE I: CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY

SUBTITLE A -- CHILD SUPPORT

Sec. 101. Mandatory Income Withholding

Description

This section would require immediate wage withholding unless both parents agree, or the State finds good cause, to have the conditions for withholding contained in current law apply. The requirements would apply to orders issued or modified on or after two years from enactment of the bill. Under current law, withholding must commence when overdue support equals the support payable for one month, or an earlier date that the State may select or the noncustodial parent may request.

Orders issued or modified prior to two years from enactment of the bill would continue to be subject to the withholding requirements contained in current law, unless the State agrees to either parent's request that the immediate withholding provisions proposed in this section apply.

Other current requirements for the withholding process would remain unchanged, with one exception. The proposal deletes the provision that States may allow support payments to be made through the State upon request of either parent and payment of a $25 annual fee.

The provisions of this section are effective upon enactment and States must implement the provisions within two years of enactment.

Administration Position

We do not oppose the concept of immediate wage withholding of child support. Indeed, under the Child Support Enforcement Amendments of 1984, wage withholding may be initiated immediately at State option or at the request of the absent parent. We do have concerns, however, with the following two provisions of this section which appear to be unnecessarily complicated and burdensome on the States.

1) The proposal establishes different requirements for orders established or modified before and after a certain date. Each requirement contains exceptions under certain circumstances, e.g., the State agrees to one parent's request to apply the alternative requirement or both parents agree or the State finds good cause to apply the alternative requirement. (If good cause exceptions are allowed, we believe that the determinations must be based on the best interests of the children involved.)

Such a complicated set of requirements and exceptions would be extremely difficult for States to administer. Further, authority exists under current law for a State to initiate withholding under almost any of the conditions allowed under this proposal--but in a much less complicated manner.

2) As written, this section appears to require the State child support enforcement agency to initiate withholding, beginning two years from enactment, for all orders in the State, regardless of whether there has been an application for child support enforcement services or the family is receiving AFDC payments. We strongly oppose this provision because it would be extremely costly, intrusive, and excessively burdensome for the State child support enforcement agency to be responsible for withholding in every child support case in the State. As stated earlier, however, we would not oppose immediate withholding in all cases as long as they were not all brought into the State child support enforcement agency for processing.

Section 102. Child Support Disregard

Description

This section would clarify that States must disregard the first $50 from any child support payment which was due for a prior month if the payment was made on time.

Administration Position

This amendment is unnecessary because we are in the process of clarifying this requirement by revising our regulations. We agree that, under the $50 child support disregard provision, custodial parents are entitled to a disregard whenever a payment is made on time. When obligors meet their child support obligations, the AFDC family should not be denied the $50 disregard because of delays in transmitting or receiving collections within a State or between States.

Sec. 103. State Guidelines for Child Support Award Amounts

Description

This section would require guidelines for setting support award amounts to be used unless there is a finding that good cause exists for not applying the guidelines. Guidelines would have to be reviewed every 5 years. The State would have to establish and use procedures to ensure that 1) orders established under the guidelines would be reviewed, and adjusted, as appropriate, at least every 24 months; 2) orders which were not established under the guidelines would be reviewed, and adjusted, as appropriate, if the State agrees with a request by either parent for review; and 3) both parents would be given 30 days notice of a pending review, and 30 days from notice of a proposed adjustment to initiate proceedings to challenge the adjustment.

The proposal would be effective upon enactment. States would be required to implement the requirements for 1) periodic review of the guidelines and use of the guidelines to set support awards no later than the first day of the thirteenth month after enactment, and 2) periodic review and adjustment of award amounts no later than the first day of the thirtieth month after enactment.

Administration Position

We strongly support mandatory State guidelines and have submitted proposed legislation to require the use of State guidelines as a rebuttable presumption to establish child support awards. We believe that using guidelines as a rebuttable presumption would more likely protect children's best interests than allowing good cause exceptions which could focus on the impact of support payments on obligors rather than their children.

We also support the concept of requiring periodic review and adjustment of awards. However, we have two concerns with the approach taken in this bill:

(1) Mandatory review and adjustment of all awards every two years would be unduly burdensome on States and the courts. Our legislative proposal would require periodic review and revision, if necessary, of all support orders being enforced under the child support enforcement program, in accordance with priorities and criteria specified by the Secretary in regulations. The regulatory priorities and criteria would ensure that the orders continue to comply with the guidelines while allowing flexibility in the frequency and scope of review. This approach would give us the opportunity to work with the Congress and States to establish criteria which are effective, without being unduly burdensome.

(2) Automatic review and adjustment of only those orders established under the mandatory guidelines places an unfair burden on parents with orders which were established prior to the effective date of these guidelines. We believe that all orders being enforced by the child support agency, whether or not they were established under the mandatory guidelines, should be reviewed in a similar fashion to ensure equity.

We further recommend that any mandatory guidelines legislation include provisions similar to those in section 204 of the Administration's proposed "Family Assistance, Child Support Enforcement, and Social Services Improvement Act of 1987" that require States, when establishing guidelines, to consider, at a minimum, such factors as prescribed by the Secretary in regulations.

SUBTITLE B -- ESTABLISHMENT OF PATERNITY

Sec. 111. Standards for Measuring the Performance of State Paternity Establishment Programs

Description

This section would create paternity establishment standards which a State must meet to avoid imposition of a penalty of between 1 and 5 percent of Federal payments to the State under the proposed Child Support Supplement program which would replace the AFDC program.

The standards would be based on a State's paternity establishment percentage for a fiscal year. The percentage would be the ratio of (1) the total number of children receiving payments or services under the program for whom paternity was established to (2) the total number of children receiving payments or services under the program who were born out of wedlock. Children who are dependent by reason of the death of a parent or with respect to whom there is a finding of good cause for refusing to cooperate would not be included in the total number of children needing paternity establishment. For FY 1987, the Secretary could compute the States' paternity establishment percentages based on data collection for the last quarter of FY 1987.

A State's paternity establishment program for a fiscal year would meet the requirements of the section if its paternity establishment percentage 1) is 50 percent or greater, 2) is above the national average paternity establishment percentage, or 3) increases 3 percentage points a year. The State's paternity establishment program must meet the requirements of the section beginning in FY 1991. (For example, if a State's percentage in FY 1987 was 12% and the national average was 18%, that State would have to increase its percentage to 15% by the end of FY 1990 and to 18% by the end of FY 1991 in order to avoid a fiscal penalty.)

The Secretary could modify the requirements of the section to take into account additional variables that affect the ability of the State to meet the requirements. The Secretary would be required to submit an annual report to Congress on the data upon which the States' paternity establishment percentages for a fiscal year are based, any additional variables the Secretary has identified, and State performance in establishing paternity.

The amendments would be effective on the date of enactment.

Administration Position

While we strongly support setting performance standards for paternity establishment, we strongly oppose the standards proposed in this section of the bill because poorly performing States would only need to make marginal improvements in order to satisfy these standards.

Because we believe that paternity establishment is in the best interest of children and that it has long-term implications for increasing the self-sufficiency of families, we believe stronger standards than those proposed in this bill are necessary. We now have authority to establish such performance standards, so that the bill would preclude us from developing the more stringent standards needed to ensure that major improvements are made in poorly performing States.

In setting performance standards we believe that it is more effective and more equitable to establish a national goal which each State must achieve, regardless of its current record, in a specified period of time. We are developing such standards now by revising the regulations which contain the current audit standards for paternity establishment to make them more substantive. We plan to work with Congress and the States during this process.

Sec. 112. Increased Federal Assistance for Paternity Establishment

Description

This section would increase the Federal matching rate for State costs for laboratory tests in determining paternity to 90 percent.

Administration Position

We oppose this provision because we believe that it is costly and unnecessary. The current 68 percent Federal matching rate for State administrative costs of the child support enforcement program already is considerably more generous than the 50 percent matching rate for administrative costs under the AFDC, Medicaid and Food Stamp programs, and there is no need to increase it. A 90 percent matching rate for laboratory tests in determining paternity could lead to wasteful spending because the States would not have much financial incentive for operating cost effectively. Moreover, research indicates that paternity establishment for AFDC cases, even in high costs States, can pay for itself.

The long-term benefits of establishing paternity and the already generous matching rates, coupled with the current exclusion of laboratory costs in incentive payment calculations, are more than adequate incentives for States to establish paternity. These existing incentives, reinforced by strengthened performance standards and procedures, will improve paternity establishment by States.

SUBTITLE C -- IMPROVED PROCEDURES FOR CHILD SUPPORT ENFORCEMENT AND ESTABLISHMENT OF PATERNITY

Sec. 121. Requirement of Prompt State Response to Requests for Child Support Assistance.

Description

This section would require the Secretary to establish time limits within which States must accept and respond to requests for assistance in providing services under the program. The Secretary would be required to establish an advisory committee within 30 days of the date of enactment and consult with the committee prior to issuing any regulations on time limits. He would be required to issue a proposed regulation within 90 days of enactment, allow at least 60 days for public comment, and issue final regulations no later than the first day of the seventh month after enactment.

Administration Position

We strongly support establishing time limits for responding to requests for child support services, but we believe sufficient statutory authority already exists to establish time limits. Under current law the Secretary is required to establish such standards for State child support programs as he determines to be necessary to ensure that such programs will be effective. Using this authority, we are moving toward establishing time frames for taking necessary actions in child support enforcement cases. Although additional statutory authority is not necessary to accomplish this common goal, we are interested in the views of the Congress regarding appropriate time frames for action and look forward to discussing this issue further.

Sec. 122. Automated Tracking and Monitoring Systems Made Mandatory

Description

The section would require States to develop Statewide automated child support enforcement systems no later than the date specified in the initial advance planning documents or 10 years after that document is submitted to the Secretary, whichever is earlier. The Secretary could waive any requirement with respect to the automated system if a State demonstrates that it has an alternative system that enables it to be in substantial compliance with the Child Support Enforcement program requirements of the Social Security Act.

A State would receive 90 percent Federal matching of costs attributable to the planning, design, development, hardware and installation of a system which meets the requirements of section 454(16) of the Act if the State submits an advance planning document by October 1, 1989. Enhanced funding for development of the system would be available as long as the system meets the requirements of section 454(16) of the Act up to the date the State is required to complete the system.

The provision would delete the availability of 90 percent matching for the costs of enhancement of an automated system. It also would delete the Secretary's authority to suspend approval of the advance planning document if he finds there is a failure to substantially comply with the advance planning document. Under that provision, suspension continues until there is no longer any failure of the automated system to comply with the advance planning document.

The proposed requirements would become effective upon the date of enactment.

Administration Position

While we strongly support requiring States to develop automated child support enforcement systems and setting a time at which enhanced funding ends, we oppose this proposal because it could result in lengthy delays in development of this essential component of any State's child support program. In order to make current law work well, and to be able to add more effective requirements to the child support program, it is essential for every State to have automated child support enforcement systems as soon as possible.

By extending (potentially until FY 2000) the 90 percent Federal matching rate currently available for State development of automated systems, States may be encouraged to take up to 10 more years to develop automated systems. We believe this is an unnecessary extension of the 90 percent matching rate, which has already been available for almost a decade. Given the status of current efforts we believe that all States could be fully automated no later than FY 1993. Currently, systems are under development (using 90 percent funding) in 35 States, nine of which are transferring existing systems and technology from other States. (We are encouraging these transfers to make it quicker and easier to establish State automated systems.) In addition, some States, which have not applied for 90 percent matching funds, have chosen to develop their own automated systems under the regular matching rate available for program administrative costs. Providing 90 percent matching funds in these States is unnecessary.

Finally, we strongly oppose deletion of the Secretary's authority to suspend approval of an advance planning document because of the State's failure to substantially comply with the contents of that document. We believe that authority is an essential management tool to ensure State compliance with that document.

Sec. 123. Additional Information Source for Parent Locator Service

Description

This section would require the Secretary of Labor to enter into an agreement with the Secretary of HHS to provide prompt access by HHS to the wage and unemployment compensation claims information and data maintained by the Department of Labor (DOL) and State employment security agencies.

The provision would be effective upon enactment.

Administration Position

We agree that direct access to employment security information would be of great assistance to States in locating non-custodial parents and obtaining information necessary to implement wage withholding. State and local information generally is more current than information available in Federal records in locating non-custodial parents owing child support. Access to current employer and wage information also is invaluable for expeditious initiation of mandatory wage withholding.

While additional legislative authority may not be necessary to accomplish these objectives, we would not object if the Congress nonetheless decided to address this issue explicitly through legislation. However, the amendment made by section 123 of the bill is technically inadequate and does not provide the statutory authority that would permit full implementation of the intent of the section. We stand ready to work with the Committee to develop draft language for the Committee's consideration to accomplish the agreed-upon goals.

Sec. 124. Use of Social Security Number (SSN) to Establish Identity of Parents

Description

This section would amend Title II of the Social Security Act to require States to obtain SSNs from the parents of a child for whom a birth certificate is issued. A State would have to require parents to furnish their SSNs and States would in turn supply the SSNs to the child support enforcement agency unless the State finds good cause for not doing so. The SSNs would not have to be on the birth certificates. Any provision of Federal law inconsistent with this proposed requirement would be null and void two years from enactment of this bill, the effective date of this provision.

Administration Position

We do not oppose including both parents' SSNs in records which accompany birth certificates. However, we are concerned that the confidentiality of such records be protected. The provision contains no language to ensure protection of individuals' privacy.

Sec. 125. Commission on Interstate Child Support

Description

This section would establish, within 60 days of enactment, a Commission on Interstate Child Support composed of 15 members, 8 of which would be appointed by the Congress and the remaining 7 by the Secretary. The Commission would be required to hold one or more national conferences on interstate child support reform by October 1, 1988 and report to the Congress recommendations for improving interstate child support establishment and enforcement and revising the Uniform Reciprocal Enforcement of Support Act. The Commission would terminate on October 2, 1989. Two million dollars would be authorized to carry out the provisions of this section.

Administration Position

We oppose this proposal because we believe that recent and ongoing efforts to improve the processing of interstate child support cases make establishing a commission unnecessary and a waste of scarce resources. The 1984 Amendments greatly enhanced the enforcement techniques available in interstate cases. Those techniques, along with revised Federal regulations on interstate cases and the development of standardized forms, will significantly improve processing of those cases. In addition, States will gain invaluable knowledge from the results of three years of interstate demonstration grants which have explored innovative approaches to improving interstate case processing.

TITLE II: JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) TRAINING PROGRAM

Section 201. Establishment of JOBS Program

Description

Section 201 would require each State welfare agency to administer a job opportunities and basic skills (JOBS) training program under a State plan approved by the Secretary. The program would have to be fully implemented Statewide within 3 years of enactment, except where it is not feasible to do so. Nonexempt recipients would be required to participate in JOBS to the extent that programs were available in their area and resources permitted. Exemptions would be provided for those who were ill, incapacitated, or of advanced age; needed to care for another family member; working at least 30 hours a week; under the age of 16 or a child attending elementary, secondary, vocational or technical school full-time; in the last trimester of pregnancy; personally providing care for a child under 3; or residing in a remote area. States would have the option to require participation of those with children between the ages of 1 and 3, and of both parents in a two-parent family. Those with children under 6 (except principal earners in two-parent families) could not be required to participate more than 24 hours a week. Exempt individuals could participate on a voluntary basis. Unemployed absent fathers who could not meet their child support obligations could participate, on either a voluntary or mandatory basis, at State option.

Those attending school or vocational training designed to lead to employment could continue in those programs and receive child care funds through JOBS.

Initial JOBS activities would include assessment and a review of family circumstances; the development of an employability plan; and at State option, negotiation of a contract specifying agency and participant obligations. Case managers also could be assigned, at State option.

States could include the following activities in their programs: high school or equivalent education, remedial education, appropriate post-secondary education, on-the-job training, skills training, work supplementation, community work experience (CWEP), job search, job readiness, job development, placement, and follow-up services, and other employment, education, and training activities allowed under regulations of the Secretary.

Custodial parents under the age of 22 who had not completed high school, or an equivalent program, would be required to participate in educational activities--even if otherwise exempt because of a child under age 3 (although not if exempt for other reasons).

States would have to provide the opportunity for a fair hearing in cases of disputes over program assignments. Wage rates for assigned jobs would have to meet the greater of Federal or State minimum wage requirements, and assignments could not result in displacement. Also, States could not require participants to take any job which would result in a net loss of income (including the value of Food Stamps and health benefits) unless the State provided a supplementary payment to the family to compensate for the loss. Such a payment would be treated as an assistance payment for Medicaid eligibility and Federal matching purposes.

Program activities under JOBS would have to include private sector involvement and be coordinated with programs under the Job Training Partnership Act (JTPA). JOBS funds could not replace current State expenditures.

The Work Supplementation program would be authorized with changes, including categorical Medicaid eligibility for participants. The maximum hours for CWEP assignments would be reduced based on the amount of reimbursement to the State for child support collections. Up to 8 weeks of job search could be required of applicants and up to 8 weeks a year required of recipients.

Sanctions for failing to meet program requirements would, in the first instance, remain in effect until the participant's compliance; in the second instance, remain in effect until compliance, but at least 3 months; and in any subsequent instance, remain in effect at least 6 months.

Administration Position

We strongly support changes to the AFDC program which will substantially reduce dependency among AFDC recipients through education, training, and employment activities. However, we believe that there are serious flaws in the provisions of JOBS which would severely limit its effectiveness in reducing dependency. In particular, JOBS does not require the necessary commitment to wide-scale mandatory participation, particularly among potential long-term recipients and it drastically restricts States' ability to design work programs which will be most effective for their welfare populations. Specifically, JOBS flaws include the following:

(1) Lack of real participation requirements.

Except for the special provision covering young custodial parents without a high school education, the only services which States are required to provide participants are assessment, a review of family circumstances and the development of an employability plan. There is no requirement for States to provide actual employment-related services to even a minimum number or percent of recipients. As the key element of a successful program is to reach a large number of individuals with the appropriate type of assistance, it is unlikely that the program would substantially reduce dependency.

(2) Exemption for parents and caretakers of children under 3, unless the State has elected a lower age limit.

Currently, 35 percent of the AFDC families include children under age 3. More importantly, almost two-thirds of all women who will use AFDC for 10 years or more enter the program with a child who is less than 3 years old. Thus, this exemption could leave a large proportion of recipients, and an even larger proportion of those likely to be dependent on welfare for long periods of time, beyond the reach of program services.

We believe that society supports earlier involvement in work activities. A recent Labor Department survey found that in March 1987 the majority of women with children under age 3 were in the labor force. We should expect no less of welfare recipients. As a matter of fact, findings from demonstrations in this area undertaken in several States indicate that women with preschool children are at least as likely to get jobs and to retain those jobs as women with older children.

The breadth of this exemption is narrowed somewhat by the provision which would require custodial parents under the age of 22, who have not completed high school, to pursue educational activities, notwithstanding the exemption. However, we are concerned that program activities would not reach the many parents with young children who are not covered by this provision, but who also are potential long-term dependents--including those who have completed high school, but have no work experience or job skills and all those over the age of 22, regardless of their educational attainment.

(3) The prohibition against assignments of more than 24 hours a week when there are children under age 6.

This prohibition places an unnecessary restriction on States and individuals when deciding on the most appropriate work, education or training assignment for the individual. There may be situations where the most useful assignment for the individual takes more than 24 hours per week. Where this is the case and the parent or caretaker does have access to day care, or is otherwise sufficiently free from child care responsibilities, they should be allowed to participate in such assignments.

(4) The prohibition against a State requiring individuals to accept employment which would result in a net loss of income (including Food Stamps and the insurance value of health benefits) unless they provide a supplemental payment to make up the difference.

This provision will prolong dependency among employable recipients. Welfare recipients employed in some entry-level jobs would continue to get benefits to supplement their wages, thus prolonging their dependency. The benefits would be available to them, but not to employees who have never been on welfare, thus creating inequities and potentially drawing more employable persons onto welfare. Further, an individual should not be able to choose to be on welfare in order to be economically better off--an individual should be on welfare only because he/she has no other alternative.

The provision also would create new, complex administrative burdens for the State and employers, as States would be required to establish the value of Medicaid and employer-provided plans. Employees also could purposely choose low-cost plans or no health insurance at all so as to maximize their tax-free supplementary welfare payment (which also qualifies them for Medicaid).

(5) Maintaining the limitation of no more than 8 weeks of job search a year.

This provision has been difficult to administer and can prevent a State from requiring appropriate job search by an individual who has just completed an education or training activity.

(6) Failing to provide that a family's Food Stamp allotment can be used in determining CWEP hours (as authorized under current law).

We believe it is counterproductive to restrict State flexibility in this manner since CWEP has proven beneficial for participants and effective in reducing dependency.

(7) Requiring that jobs pay at least the greater of the State or Federal minimum wage.

We believe that this requirement would unnecessarily limit State flexibility in referring individuals to appropriate employment. For example, there could be individuals who are not quite ready for regular employment, but need work experience or on-the-job training to qualify for regular employment. In such instances, it might be reasonable to treat a job like a training position and pay less than the equivalent of minimum wage.

(8) Extending displacement limitations to all program activities.

We believe it is appropriate to prohibit displacement in CWEP, where welfare recipients are not being paid, or in Work Supplementation, where a recipient's employment is being subsidized. Because of the nature of these programs, regular working individuals could be unfairly affected by the placement of a program participant. At the same time, we believe a welfare recipient seeking regular, unsubsidized employment should be able to "displace" another individual if they have competed fairly, on an open market basis, for a job.

(9) Allowing reimbursement for post-secondary education.

Welfare recipients who have the education and skills to enter college also have the skills to obtain employment. Since these AFDC recipients are not in as great a need of assistance as other more disadvantaged groups, we would oppose this as an allowable activity under JOBS.

Finally, we also are concerned about the provision that allows a State to extend JOBS services to absent parents who are not recipients. Other programs are available to assist these parents, and it is likely that such services funded under the Social Security Act would be extended to them at the expense of services to AFDC recipients. Until welfare/work programs authorized under the Social Security Act are successful in serving a substantial portion of their principal target population, we do not believe the service base for the program should be expanded.

Section 202. Related Substantive Amendments

Description

Federal matching funds at a 90 percent rate would be provided for the first $140 million in expenditures for JOBS operation and administration. For program operation and administration expenditures in excess of $140 million, Federal matching funds at a 60 percent rate would be provided. However, for costs associated with assessments and reviews, case management, and development of participant/agency contracts, 50 percent Federal matching would be available. Also, if less than 60 percent of the non-Federal share of expenditures were in cash or less than 60 percent of the expenditures went for services to priority individuals, the State would qualify for 50 percent funding for all expenditures. Priority individuals would include those receiving assistance for 30 of the 60 prior months; applicants who received assistance for 30 of the 60 months immediately prior to application; custodial parents under the age of 22 who are out of school, but have not completed high school; and parents receiving benefits on the basis of unemployment.

States have to assure the availability of adequate child care needed by participants in JOBS. Such care could be provided directly, arranged through use of vouchers or contracts, or by payments to participants who secure their own care. The value of child care provided to participants would not be considered income under any Federal or Federally supported needs-based program and could not be claimed as an employee-related expense for certain tax credit purposes. State expenditures for child care would be matched at the Federal matching rates for benefit payments.

States also would be required to pay for transportation and related support services needed by JOBS participants. Expenditures for transportation and other support services would be matchable as regular AFDC administrative expenses (at a 50 percent matching rate).

Administration Position

We oppose the matching provisions because the rates are too high, coverage is too broad and the provisions would be exceedingly difficult to administer. We also oppose the linkage of funding to the priority groups specified in the bill because this linkage would encourage delayed intervention rather than early intervention to prevent dependency.

Under JOBS uncapped Federal funds at a 60 percent match rate would be extended to a very broad range of activities, including basic and remedial education, certain post-secondary education and skills training. Open-ended funding under the Social Security Act for education and training, which traditionally have been the primary responsibility of State and local governments, would create the potential for massive cost-shifting from those governments to the Federal government. It also does not recognize the substantial Federal resources already available to serve the disadvantaged through programs such as the Jobs Training Partnership Act and the Adult and Vocational Education programs.

The 90 percent match for the first $140 million in JOBS expenditures, combined with the open-ended 60 percent match for JOBS activities and the benefit matching rate for child care, would place a disproportionate fiscal burden on the Federal government at a time when we are endeavoring to constrain the Federal budget. Allowing States to claim a significant level of in-kind expenditures for JOBS activities, in effect, further raises those rates. It would increase Federal costs under the program and reduce a State's incentive to devise a cost-effective program. These conclusions are based on the experience of similar work programs which have allowed in-kind matching and received minimal State contributions under these rules.

Authorization of in-kind match also raises some serious administrative concerns. It would create significant oversight difficulties because of the inherent problems associated with assessing the value of resources and non-cash contributions.

The differential matching rates for regular AFDC administrative expenses and JOBS-related administrative expenses, and the conditions imposed on the availability of the higher JOBS match rate, raise additional administrative problems. First, it would be difficult to distinguish between administrative costs which are eligible only for the 50 percent rate (e.g., case management, assessment, and contracting) from other program administration costs which qualify for a 60 percent rate. Under these rules, States would have an incentive to minimize what gets classified as case management and related functions in order to qualify for the higher matching rate and maximize their Federal funding. They also would have an incentive to try to claim regular AFDC administrative costs as work program costs in order to increase Federal funding of their programs.

For these reasons, we do not believe the funding provisions of the JOBS program are tenable. Rather, we prefer a uniform 50 percent open-ended Federal match for support services and work-related activities other than education and training, with States continuing to provide their share in cash. This approach would ensure that States have a meaningful financial investment to structure cost-effective programs and that Federal matching funds are appropriately provided.

The provision that provides higher matching rates to States that spend at least 60 percent of their JOBS funding on certain priority groups would create new administrative burdens but more importantly could result in mis-targeting of services. A wide range of recent research indicates that past time on welfare is not a good indicator of future time on the rolls. In fact, because the FSA targets those receiving welfare for more than 30 months, it would encourage States to provide services to many recipients who have been on the rolls longer than 2.5 years and who can be expected to leave welfare sooner than families just coming onto the rolls. It also would encourage States to delay intervention rather than stressing the early intervention that is more likely to prevent long-term dependency. Thus, we oppose the linkage of funding to services provided to those already on the rolls for an extended period.

These problems with the funding provisions are even more serious when combined with the lack of national participation standards. The lack of participation standards, overly expansive federal funding, and potential mis-targeting mean that we could incur high costs with little likelihood of a reduction in dependency or welfare savings.

Section 201. Repeal of Certain Provisions

Description

The existing authorities for title IV-A employment search, CWEP, work supplementation, WIN, and WIN demonstration programs would be repealed, as would two WIN-related matching provisions.

Administration Position

We support the repeal of the WIN and WIN demonstration programs, together with related funding provisions. The Administration has proposed such a repeal for a number of years because the WIN program has not been effective in reducing welfare dependency.

We do not oppose repeal of the IV-A options (job search, CWEP, and Work Supplementation) because they are reauthorized in JOBS. However, as noted elsewhere, we do believe in places the reauthorization unnecessarily limits State flexibility.

Section 204. Regulations; Performance Standards; Studies

Description

The Secretary would have 6 months to issue proposed rules, including rules establishing uniform data collection requirements, and one year to publish final rules.

The Secretary would have five years to develop performance standards for JOBS program activities, in consultation with organizations representing Governors, State and local administrators, educators and other interested parties, and to submit them to Congress.

The Secretary would be required to conduct an implementation study, based on a representative sample of States and localities, which would document the services offered, participation rates or activity levels, characteristics of those served, provision of support services and methods by which activities were offered. For each of the fiscal years 1988 through 1990, $500,000 would be authorized for this implementation study.

The Secretary would also be required to conduct a cost-effectiveness study, based on data from 5 States, to determine the relative effectiveness of different approaches for assisting long-term dependents. Projects included in the study would be conducted for at least 3 years and would use specific outcome measures, as well as experimental designs and random sampling, in testing effectiveness. Annual progress reports and a final report to Congress would be required. For the cost-effectiveness studies, one million dollars would be authorized for each of the fiscal years 1988 through 1992. The Secretary would establish uniform reporting requirements for the demonstration projects, as appropriate.

Administration Position

We do not oppose these provisions. Our GROW proposal provides a similar period of time for development of performance standards and authorized funds for similar studies.

Section 205. Effective Date

The amendments under title II of the bill would be effective October 1, 1989 unless the State opted for an earlier date. The earliest effective date would be the first day of any calendar quarter on or after the issuance of proposed rules (or, if earlier, the date when proposed rules are required under section 204 of the bill).

TITLE III: TRANSITIONAL ASSISTANCE

Section 301. Extended Eligibility for Child Care

Description

Section 301 would extend child care assistance for 9 months in a 36-month period to a family that loses Child Support Supplement (CSS) (eligibility due to increased earnings if the family was receiving CSS payments for at least 3 of the 6 months preceding the month in which the family lost eligibility.

A family would not be eligible for transitional child care if the caretaker-relative in the family had: 1) submitted false or misleading information in order to obtain CSS payments; 2) been sanctioned while receiving CSS payments within the preceding 12 months; 3) terminated, refused, or reduced hours of employment without good cause; 4) failed to cooperate with the State agency in establishing and collecting child support payments; or, 5) failed to cooperate with the State agency in identifying and pursuing any third-party payments for health insurance.

Families would be required to contribute to the costs of transitional child care based on a sliding scale fee to be developed by the State and approved by the Secretary of HHS.

Section 301 would go into effect on October 1, 1988.

Administration Position

We oppose this provision. There is no evidence that mandating new child care benefits would be cost-effective or get more people into jobs and off welfare. Paying for child care does not appear to be a major factor in the employment of AFDC recipients, as AFDC families make little use of the provisions available under current law to cover child care costs. Our data indicate that the child care disregard is applied in only about 20 percent of the AFDC cases with earnings. For those who do use the disregard, the average amount of child care costs disregarded per case (not per child) was only about $106 per month in 1986. Even for full-time workers, the average disregard per case was only $134.

Not only is mandating such new transitional child care subsidies unnecessary but it could create inequities. Two workers working side-by-side with the same earnings may be treated differently, with a former welfare recipient receiving substantial child care support while the person who was never on welfare would not. In fact, this provision, combined with others in the FSA, could have the perverse effect of drawing families onto welfare.

Section 302. Extended Eligibility for Medical Assistance

Description

Section 302 would require States to extend medical assistance for up to nine months (in any 36-month period) to families who leave the CSS program because of increased earnings. As with section 301, a family would have had to be receiving CSS payments for a minimum of 3 of the 6 months preceding the month in which the family lost CSS eligibility.

The initial four months of transitional medical assistance could be provided either by continuing Medicaid (in the same amount, duration and scope), or by paying a family's expenses for health insurance offered by the caretaker relative's employer or (if more cost-efficient) by the employer of the absent parent who is paying child support. If such an employer plan provides less coverage, the State must make up the gaps with Medicaid.

For families that receive the entire four months of transitional assistance, the State must offer them the option of extending medical coverage for an additional five months. The State may provide medical assistance during the five month extension in several ways. They must at least offer families an extension of Medicaid, of the same amount, duration, and scope, except that the State may omit certain non-acute care services. The State also has the option of offering families any of the following: payment of the family's expenses for health insurance by the employer of the caretaker relative or absent parent supplemented with Medicaid, enrollment in the family option of a group health plan of the caretaker relative's employer, enrollment in the family option of a group health plan for State employees, enrollment in a State basic health plan for the uninsured, or enrollment in a Medicaid HMO.

A family would be denied any extended medical assistance for the same reasons as described under Section 301. If a family's gross monthly earnings exceeded 185 percent of the poverty line, the State would not provide or would terminate the family's eligibility for the five-month extension.

A State would be required to impose a premium for a family receiving medical assistance during the five-month extension. The amount of the premium could vary depending on the option made available, but could not exceed 10 percent of the difference between the family's gross monthly earnings (less the costs of child care) and $581.

Section 302 would go into effect on October 1, 1988.

Administration Position

We oppose section 302 because it is unnecessary and costly, and would complicate the Medicaid extensions which currently are available. We also are concerned that the cumbersome and costly new provisions in Section 302 would greatly reduce State capacity, both financially and administratively, to take advantage of Medicaid optional coverage authorities now in law that they believe might better meet their citizens' needs, such as those for all pregnant women, infants, and children up to age 5 whose income is below the federal poverty line.

Four months of Medicaid coverage is already available for families that lose AFDC eligibility as a result of increased earnings or child support. Even more extended coverage (up to 15 months) is provided to families that lose AFDC eligibility as a result of losing the earned income disregards. There are a variety of other options, such as medically needy coverage and Community Health Center programs, currently available to address the needs of low-income families and individuals without setting up such a complicated system to administer.

There is no evidence that the type of extensions proposed in Section 302 would be cost-effective, promote earlier employment, reduce welfare dependency, or produce long-term welfare savings. Indeed, there is some evidence to suggest that Medicaid coverage is not the critical factor in employment decisions. The 1981 OBRA changes moved off of the welfare rolls working families with relatively high incomes, many of whom appear to have had a long-term attachment to AFDC. No transitional Medicaid coverage was provided at that time; and if such an additional provision for Medicaid were key to families' employment decisions, one would expect that many of these would have quit work and returned to the welfare rolls. However, the rate of return for families with earnings was no greater after OBRA than it was before, suggesting that Medicaid was not a key factor in their job decisions.

We also are concerned that the medical assistance extension in this bill would postpone the adjustment of former recipients to self-sufficiency and provide employers with an incentive not to offer, or to reduce, health insurance coverage for lower wage earners if they know Medicaid will provide coverage to former welfare recipients. In fact, the provision might well induce families that otherwise would leave the welfare rolls in less than 3 months to remain on the rolls to receive extended publicly-subsidized medical coverage.

In addition, we have serious concerns about the numerous administrative complexities and costs of implementing Section 302. A new, costly and complex administrative structure would have to be created by States to compute income eligibility and to compute and collect premiums for these new medical assistance extensions. Subtracting the costs of child care and then using a threshold of 185% of the poverty level for eligibility would likely result in most recipients remaining eligible, few paying premiums, and the State making extensive calculations and determinations for all.

Experience has shown that, while States have for some time been permitted to collect income-related co-payments, deductibles, and co-insurance from Medicaid beneficiaries, few if any have chosen to do so because of the cost and complexity of such a process. Similarly, States choosing to use any of the other options for providing health insurance coverage would have to establish an administrative structure to pay premiums and deal with the various entities administering the plans.

Denial of extended medical assistance for failure to pay premiums, to make monthly income reports, or to continue employment has been made subject to a "good cause" determination by the State. This could result in a major administrative burden and could well result in court challenges.

TITLE IV: FAMILY LIVING ARRANGEMENTS

Section 401. Households Headed by Minor Parents

Description

Except under certain circumstances, individuals under age 18 who were never married and who had a dependent child in their care (or who were eligible because they were pregnant) could be eligible for assistance only if they resided with a parent, legal guardian, other adult relative, or in a foster home, maternity home or other adult-supervised supportive living arrangement. Assistance in these minor parent cases would have to be paid to the parent or legal guardian. At State option, these individuals could be required, as a condition of eligibility, to attend school (or school in combination with parenting and family-skills training classes) if they had not graduated from high school.

These provisions would be effective at the beginning of the first quarter which begins one year after enactment.

Administration Position

We generally support these provisions, which are similar to ones included in the package of legislation we submitted as "The Social Welfare Amendments of 1987." We do not support the provision which makes school attendance requirements for minor parents an option for the States. We believe these individuals must be required to attend school or engage in other productive activities if we are to make serious inroads against the problems of long-term dependency. Also, the provision seems inconsistent with section 201 of the bill which provides that custodial parents under the age of 22 who have not completed high school would be required to pursue educational activities even if they have a child under the age of 3.

Section 402. CSS Program in Two-Parent Families

Description

Section 402 would replace the optional AFDC-Unemployed Parent (AFDC-UP) program with a required program, effective October 1, 1989. It also would change the definition of a "quarter of work" from that available in AFDC-UP, at State option, to allow full-time attendance in elementary school, secondary school, or a vocational or technical training course approved by the Secretary, or participation in a JTPA education or training program to count as quarters in determining eligibility. However, individuals could not receive credit for more than 4 quarters based on education or training activities.

It also would allow States, in determining ongoing eligibility of recipients (but not applicants), the option to employ a different definition of unemployment (in terms of a higher number of hours) than provided by the Secretary or to waive the requirement entirely. The State could implement this option Statewide or only in selected areas of the State. The definition designated by the Secretary could not define unemployment as anything less than 100 hours a month.

Administration Position

We strongly oppose these provisions. The President informed the Congress of his views on mandating benefits to two-parent families last year. Basically, it is inconsistent with this Administration's position that States should have maximum flexibility in deciding how and where their resources should be targeted. In some States, the costs of implementing this program through increased caseload, staffing and training requirements would overload the resources available to the State for providing financial assistance. This could result in cutbacks of benefits to individuals who are more needy or who have less capability for self-support. For this reason, we believe AFDC-UP should continue to be an optional program for States.

In addition, we do not believe there is any merit to mandating coverage of two-parent families. The GAO recently reported that a 1979 study by the University of Wisconsin's Institute for Research on Poverty claimed that the AFDC-UP program "appeared to actually increase marital instability". Moreover, the contention that mandatory two-parent coverage is necessary to avoid marital break-up assumes that parents will make long-term marital decisions based largely on short-term income comparisons. Evidence from the Seattle and Denver Income Maintenance Experiments (SIME/DIME) indicates that, contrary to this view, marital decisions are not made primarily on these economic bases.

In SIME/DIME families in the experimental group received a higher guaranteed income with both parents present than if the husband left, and they clearly were better off financially if they stayed together. However, marital break-up rates were as high or higher for the experimental group than for the control group which received regular welfare benefits.

SIME/DIME also indicates that extending welfare to two-parent families is likely to lead to reduced work effort. In the second year of the project, for example, husbands in the experimental group showed significant reductions in both the total number of hours worked (9 percent lower than the control group) and the proportion working at least one week during the year (7 percent lower). This effect on work effort applies to all husbands in low-income families, not just those receiving AFDC benefits. Moreover, extending welfare to two-parent families may have other adverse effects, such as higher taxes on the private sector and more welfare dependency, which must be weighed against any possible benefits.

We also oppose the provisions changing the definition of "quarters of work" used to establish eligibility for benefits and authorizing waivers of the Secretary's definition of unemployment (currently known as the "100-hour rule"). The basic intent of the program has been to provide benefits to families deprived of support because the family's principal earner is unemployed. As proposed in the bill, individuals with no work history beyond a few errands or odd jobs could qualify for benefits, and families where the principal earner is fully employed also could qualify.

These provisions would alter the basic nature of the program, eliminating its categorical eligibility requirements and extending benefits to many more two-parent households. The first provision would substantially reduce the incentive for young couples initially to pursue employment opportunities rather than depending on the welfare system for support. The second would increase welfare expenditures going to families which are more capable of self-support, radically altering the purpose of the program and increasing welfare dependency.

TITLE V: BENEFIT STRUCTURE IMPROVEMENTS

Section 501. Periodic Reevaluation of Need and Payment Standards

Description

Section 501 would require each State to re-evaluate its need and payment standards at least once every 5 years and report to the Secretary as required. The Secretary would establish a schedule for these re-evaluations and report to Congress promptly on his findings.

Administration Position

We do not oppose this provision.

TITLE VI: DEMONSTRATION PROJECTS

Sec. 601. Child Support Demonstration Project in New York State

Description

This section would authorize a five-year demonstration project in New York to test an alternative program to the Child Support Supplement Program proposed in this bill.

Administration position

There is insufficient detail in the proposal to evaluate New York's proposed alternative program. However, rather than enact specific legislation for New York State, we believe Congress should provide all States broad authority through enactment of the Administration's proposed Low-Income Opportunity Improvement Act.

Under the Act, the demonstration sites would receive the same funding they would otherwise receive under current law, ensuring Federal cost neutrality, and the demonstration would be structured to allow for rigorous evaluations. We believe these criteria should apply to all welfare reform demonstrations.

Section 602. Demonstration of Family Independence Program

Section 602 would authorize Washington State to implement its Family Independence Program (FIP) as a demonstration project upon application and approval of the Secretary. This program would operate as an alternative to the CSS program.

All those eligible for CSS would be eligible to enroll in FIP, which would operate simultaneously with the CSS program as long as there were individuals who qualified for CSS. States would have to use available funds to provide cash assistance before making expenditures on services.

Enrollees in FIP could be required to register, undergo assessment, or participate in work and training. Exempt from FIP would be parents with children under 6 months, single parents of children under 3 on assistance for less than 3 years, those over age 64 or under 16, those who are incapacitated, temporarily ill, or needed at home to care for an impaired person, women in their third trimester of pregnancy, and those not yet advised that their participation is required. Participation would be voluntary for FIP's first two years. After two years, participation could be mandatory only where less than 50 percent of the enrollees could be placed in employment within 3 months after they are job ready. Work and training activities would not be mandated in counties where unemployment rates were twice the State average. Benefit guaranties and applicant and recipient rights in existing State law would be maintained, as would due process procedures equal to those in CSS.

The Secretary would be required to waive any requirements under title IV which would prevent the State from implementing FIP. The State would be reimbursed for cash assistance and child care at the IV-A program matching rate, for administrative expenses at the applicable IV-A administration matching rate, and for an evaluation plan at a 75 percent matching rate. In order to receive approval the project could not exceed anticipated reimbursements under the current CSS program.

The project would be in effect for 5 years, but could be terminated earlier by the State or by the Secretary if the State materially failed to comply with the law.

Administration Position

While we support the concept of State demonstrations, as is evident from the Administration's proposed Low-Income Opportunity Improvement Act, we strongly oppose this particular proposal for two key reasons:

1. The proposal is not structured to allow the rigorous kind of evaluation that is both possible and necessary with this kind of proposal.

   o The provisions for voluntary participation and selective geographical implementation would make it impossible to obtain definitive research findings on the program's effectiveness.

2. The funding provisions of the proposal are too loosely written and incomplete to ensure that the Federal budget will not be adversely affected--especially in light of the guaranteed benefit levels, the generous disregards, and the proposed work and training activities.

   o We believe that Federal funding should be specifically limited to the costs which otherwise would have been incurred under the programs included in the demonstrations. The Low-Income Opportunity Improvement Act would provide the appropriate protection against cost increases while giving States the flexibility they need to test innovative approaches to welfare reform.

   o The proposal does not address the inclusion of other public assistance programs, such as Food Stamps and Medicaid, under FIP. It is, therefore, unclear how these programs would interrelate. However, we believe that substantial expenditures over those resulting from current law would occur.

Sec. 603. Demonstration Projects for Evaluating Model Procedures for Reviewing Child Support Awards.

Description

This section would require the Secretary to enter into agreements with four States to conduct two-year demonstration projects to test and evaluate model procedures for reviewing child support award amounts. The States would be reimbursed for 90 percent of the reasonable costs incurred in conducting of the demonstration projects. Those costs would be excluded from total administrative costs in calculating incentives.

Administration position

This demonstration is unnecessary. The Department currently is evaluating State procedures for reviewing child support awards as part of its evaluation of the impact of the 1984 Child Support Enforcement Amendments.

Section 604. Demonstration Program of Grants to Provide Permanent Housing for Families that Would Otherwise Require Emergency Assistance

Description

Section 604 would establish a demonstration program which would allow up to 3 States the opportunity to test whether temporary housing costs under emergency assistance (EA) could be effectively reduced by the construction or rehabilitation of permanent housing that families on assistance could afford.

Eligibility for a grant would be limited to States which provide housing or shelter under the EA program, have an acute homelessness problem among families, and submit plans for achieving 10-year cost savings. Priority would go to States with the greatest potential cost savings.

Grants would be awarded within 6 months of the appropriation of funds. To receive a grant a State would have to assure that it would be used: 1) for permanent housing to be owned by the State, an agency of the State, a political subdivision, or a nonprofit organization; and 2) used exclusively for rental to families who would be eligible for AFDC, unable to find affordable housing, and otherwise homeless or compelled to live in a shelter or other temporary accommodations. The States would have to discontinue the use of an equivalent number of units of the most costly accommodations when units became available under the demonstration except under certain circumstances.

The average cost to the Federal government per unit of housing could not exceed the yearly Federal costs under EA for providing emergency housing or shelter in that jurisdiction. Federal costs over 10 years under the demonstration for construction, rehabilitation, EA payments and regular assistance would have to be lower than costs which would have been incurred if the State had made EA payments (at the 75th percentile cost rate) at the level of the standard payment to the families involved during the 10-year period. The non-Federal matching share would have to be equal to at least the State's AFDC payments matching rate plus 10 percent, but local jurisdictions could not be required to increase their matching share.

Failure by a State to meet grant conditions would be treated like an AFDC compliance issue. Grants in the sum of $15,000,000 a year would be authorized for fiscal years 1988 through 1992, with State allocations based on need. Regulations would be required within 6 months of enactment.

Administration Position

We strongly oppose this demonstration proposal. The Emergency Assistance program was created to respond quickly to a family crisis by providing temporary assistance. It never was intended to address long-term causes of homelessness, such as shortages of low-cost housing.

The shortage of low-cost housing is a problem which has developed over a long period of time and has become acute in several large, urban areas. However, it is a housing problem, not a welfare problem, and it would be inequitable to establish a special program just for one portion of the low-income population.

In general, programs which have been established in the Department of Housing and Urban Development are designed to address low-income housing shortages. In addition to programs such as the Section 8 vouchers and certificates program, HUD administers a variety of programs specifically designed to help families that might otherwise need emergency assistance. These include the following:

- Emergency Shelter Grants: Assistance related to emergency shelters involving the renovation, rehabilitation and conversion of buildings to be used as emergency shelters and provision of essential services for occupants, such as employment, health and drug abuse.

- o Supportive Housing Demonstration: 1) Transitional Housing to develop innovative approaches for funding supportive housing, particularly for deinstitutionalized homeless, families with children, and mentally handicapped, and to focus on the homeless capable of moving into independent living within a reasonable amount of time; and 2) Permanent Housing for the handicapped homeless.
- o Supplemental Assistance: 1) for facilities to assist the homeless; and 2) comprehensive assistance for particularly innovative programs and assistance to cover the costs in excess of assistance provided under the above two programs.
- o Section 8 Assistance: To develop Single Room Occupancy units with priority for the homeless.
- o Title V: To collect information about underutilized public buildings and to review the properties for suitability for housing the homeless.

HHS should not be in the housing construction and acquisition business -- a function it was never intended to serve and which is clearly inappropriate for the Department of Health and Human Services, as well as duplicative of HUD efforts.

Section 605. Demonstration Projects for Developing Innovative Education and Training Programs for Children Receiving Child Support Supplements

Description

This section would amend section 1115 to authorize projects which would demonstrate innovative education and training programs for children receiving assistance, including tests of financial incentives and other approaches to reducing dropout rates, encouraging skills development, and avoiding welfare dependency. The projects would last from 1 to 5 years.

Administration Position

The Administration supports increased waiver authority. However, we believe we should provide States with broad demonstration authority covering a wide range of programs rather than authorize numerous, narrow categorical demonstrations. Moreover, we believe that education and training projects for children should be carried out under the existing educational and training authorities rather than under the Social Security Act.

Section 606. Demonstration Projects to Address Access Problems

Description

This section would authorize grants to States for demonstration projects for activities designed to increase compliance with child access provisions of court orders, such as the development of systematic enforcement procedures, special staff to handle disputes, and dissemination of information. For each of fiscal years 1988 and 1989, $5,000,000 would be authorized for this purpose. The Secretary would be required to submit a report on the effectiveness of the demonstration by July 1990.

Administration Position

We oppose this position because we oppose Federal intervention in this area. Visitation issues always have been a matter of State and local jurisdiction, and they should remain so.

Section 607. Demonstration Projects to Test Innovative Methods for Providing Suitable Foster Care Environments

Description

This section would authorize demonstrations, which could be conducted on less than a Statewide basis, to test innovative methods for providing suitable foster care arrangements and other needed services for infants abandoned or removed from their parents' custody and placed in a hospital. Selection of States would be based on need and submittal of a satisfactory proposal and evaluation. Projects would be conducted between October 1, 1987 and September 30, 1990. For each of the fiscal years 1988 through 1990, $4,000,000 would be authorized.

Administration Position

We share the concern underlying this provision about infants with AIDS being abandoned. However, this provision is unnecessary because such demonstrations can be conducted under current law. The Department will be conducting studies of this problem and soliciting demonstrations of innovative approaches to the problem this year.

Section 608. Demonstration Projects to Expand the Number of Child Care Facilities and the Availability of Child Care, with Emphasis on Increasing Child Care in Rural Areas

Description

This section would authorize demonstrations in 5 to 10 States to conduct demonstration projects to increase child care opportunities for recipients. States would be required to contract with nonprofit organizations to assist providers who meet State and local standards in acquiring, expanding, or rehabilitating child care facilities. States would be selected based on the nature of assistance to be provided, geographic coverage, potential service population, and existing child care opportunities. Priority would go to States that focus on communities with populations under 50,000 and with the severest shortages of care for recipients. Projects would begin by September 30, 1988 and be conducted for 3 years (assuming compliance). States would provide information required by the Secretary, and the Secretary would report to Congress by October 1, 1991. For each of the fiscal years 1989 through 1991, $5,000,000 would be authorized for these demonstrations.

Administration Position

We oppose this provision because it is duplicative of other Federal programs and funding sources. For example, States could undertake similar activities using funds from the Social Services Block Grant or administrative funds under title IV-A of the Social Security Act.

Section 609. Demonstration Projects to Encourage States to Employ CSS Mothers as Paid Day Care Providers

Description

Section 609 would amend Section 1115 of the Act to authorize demonstrations in up to 5 States involving employment of recipients as providers of day care for the children of other recipients. These demonstrations would be used to facilitate participation in the JOBS program and to give recipients increased opportunities to avoid welfare dependence.

Administration Position

This provision is unnecessary because under the current AFDC program, States would receive Federal matching funds which could support employment of recipients as providers of day care for other recipients. In fact, some States are already undertaking this type of activity. Therefore, a new demonstration authority in this area is not needed.

TITLE VII: PAYMENTS TO AMERICAN SAMOA, THE COMMONWEALTH OF PUERTO RICO, GUAM, AND THE VIRGIN ISLANDS

Section 701. Inclusion of American Samoa as a State under Title IV

Description

This section would include American Samoa as a State under Title IV, authorize a 75 percent matching rate, and cap Federal expenditures in American Samoa for parts A and E of Title IV at $1,000,000 a year.

Administration Position

We oppose this provision. We believe that we should not extend the AFDC/CSS program to this territory because of the probable negative impact such a program would have on its economy and culture. Our concern comes in part from the enormous dependency problems which have developed in Micronesia following introduction of welfare benefits there. Moreover, a recent GAO report noted that American Samoan officials themselves opposed extending AFDC to their area because they believed it "would disrupt their 'extended-family' based culture".

Section 702. Increase the Amount Available for Payment to Puerto Rico, the Virgin Islands and Guam

Description

This section would raise the current cap on Federal matching funds in Puerto Rico, the Virgin Islands and Guam by about 13 percent, effective October 1, 1987.

Administration Position

We support this provision as long as the additional funds are targeted towards the provision of work activities.

TITLE VIII: WAIVER AUTHORITY

Section 801. Waiver Authority under Title IV

Description

This section would add a new part F to Title IV which would authorize the Secretary to approve up to 10 demonstration projects at a time to test new ways to assist families in becoming financially independent and provide States with maximum flexibility in using their low-income program funds. Applications would be submitted to the Secretary of HHS. The demonstrations would have to incorporate the principles of experimental design. In approving applications, the Secretary would consider a project's consistency with 9 general policy goals in the bill, ranging from meeting needs and reducing dependency to improving the operation of public assistance programs. The Secretary would be required to give special consideration to certain kinds of projects, e.g., those that improve the methods of helping public assistance recipients, coordinate employment and training programs, provide transitional assistance, provide child care, etc.

Demonstrations could include programs under Title IV-A (including EA and JOBS), IV-B, IV-D, IV-E, the Social Services Block Grant, and any other non-Federal program designed to alleviate poverty. Applications would specify such things as: the included programs; eligible classes of individuals or families; principles of determining eligibility and maximum benefits (including assurances about no loss in benefits); and the expected effects on opportunities for achieving economic independence. Work, education, and training activities under the program would have to meet a variety of conditions regarding factors like access to child care, minimum wage requirements, health and safety standards, travel limitations, displacement, workers' compensation, and fair hearings. The Governor would retain final responsibilities for compliance.

To determine the funding and budget of the demonstration, each Federal department or agency with a program included in the demonstration would have to estimate how much in Federal and matching State funds would be spent under that program in the affected geographic area for each year of the demonstration if the demonstration were not in effect. The agency would provide its estimates, together with the underlying assumptions and principles, to the Secretary. The State also would provide the Secretary with the assumptions and principles which it used in developing its budget and funding levels. The Secretary would then review the Federal and State information for consistency. Adjustments in the budget would be made to reflect changes in Federal law and regulation, and the budget would be reviewed at least annually. The Secretary would establish a schedule of payments from affected agencies and a single set of technical or grant requirements for the demonstrations. The Secretary also could establish a single non-Federal share requirement. Payments to States could be adjusted to reflect earlier overpayments to them under the regular programs. However, payments to the States would not be adjusted where the amount of money actually needed to carry out the demonstration is less than the proposed budget because of the demonstration's effectiveness; the State could use these excess funds to improve the demonstration or otherwise benefit those included in the demonstration.

Where entitlement programs are included in the demonstration, States could propose that expenditures under such programs be continued as entitlements. In this event, the affected Federal agencies would submit budget estimates, and the Secretary would reject any proposal when the estimates indicated a large increase or decrease in the amount. If the Secretary approves, funding for the demonstration would be determined on the entitlement basis.

To be approved, applications must ensure that certain civil rights are protected and statutory requirements, including budgetary requirements, are met. The States would have to be notified of the Secretary's decision within 4 months of the date of the application's submittal. Notification of an approval would include the approved waivers, Federal funding and payment schedules. Disapprovals would explain the basis.

Individuals eligible under the demonstration would not separately be eligible for benefits under included programs, but would retain eligibility for programs not included under the program.

Within one year of the termination of any demonstration, the Secretary would have to submit a report to Congress. The Secretary also would have to submit annual progress reports.

Amendments which could improve the demonstration would be approved by the Secretary if they met demonstration requirements and benefits and services to eligible individuals were not substantially altered.

Unless the Governor or the Secretary opted out at an earlier time, demonstrations would be in effect up to 5 years. The Governor could terminate, with at least 3 months notice, upon a determination that the demonstration was not likely to be effective and that Federal, State or participant interests would be better served by termination. The Secretary could terminate the demonstration upon determining that the State was not meeting the conditions of approval.

This section would be effective October 1, 1987.

Administration Position

As discussed in the analysis of section 602, we support the concept of broad State demonstrations like those which would be authorized under the Low-Income Opportunity Improvement Act, S. 610.

However, we oppose this specific proposal because we have serious problems with several aspects of the bill. These problems include:

1. The limitation in scope to HHS activities

Under the bill, only a limited number of HHS programs would be waivable. The authority to grant waivers would be vested in the Secretary of HHS. We do not believe it is possible to test significant alternatives to the current welfare system under these rules. Welfare must be viewed as a system, and the program list would have to be significantly expanded to provide a real opportunity for trying alternative welfare systems. As it now stands, the list would not enable States to adequately address the extensive overlap in existing assistance programs or the administrative inefficiencies caused by conflicting program rules and procedures. To conduct meaningful welfare reform demonstrations, there should be authority to waive rules under any Federally-assisted program for low-income individuals. Also, States need to be able to file a single application for waivers from a variety of Departments. Thus, the demonstrations cannot be properly administered out of HHS or any single Department but must be coordinated through an interagency board. Such a board would provide a focal point within the Federal government for the development and coordination of policies affecting low-income individuals.

2. Limit of ten demonstrations

We believe that there should be no limit on the number of demonstrations. There are many problems with the current welfare system and many potential improvements. Limiting the number of demonstrations limits our chance to learn about possible ways to achieve improvement and puts the Federal government in the position of attempting to prejudge which are likely to be more successful, thereby potentially leading to the denial of worthwhile experiments.

3. Lack of limits on potential costs

As stated before, we believe that Federal funding for these types of demonstrations should be limited to the costs which would have been otherwise incurred under the programs included in the demonstration. This bill, by creating a new entitlement authority, puts the Federal government at an unacceptable, high financial risk. It provides no real protection against unforseen cost increases or faulty costing assumptions.

4. Excessive limitations on State flexibility

In a few instances, this proposal imposes requirements which could create severe administrative burdens on States and prevent States from testing true alternatives to the current welfare system. For example, the proposal seems unnecessarily prescriptive in the restrictions imposed on States in establishing work requirements. Of even more concern is the provision in section 493(d)(2)(C)(ii) which requires that benefit levels for any individual or family under the demonstration would not be lower than those which would be available under the included programs (or would be supplemented, if lower).

Meeting this requirement on a case-by-case basis would seem to require that States continue eligibility determinations and benefit calculations for all individuals and families under all programs included in the demonstration. Therefore, it would prevent States from enjoying significant administrative advantages under the demonstration and prevent States from implementing a true alternative system of assistance. We support the provision of the Low-Income Opportunity Improvement Act which would require States to "demonstrate that benefit levels will be adequate to allow individuals and families to reasonably meet the needs previously addressed by the programs included, but superseded by, the demonstrations". However, we cannot support any provision which prevents States from disengaging themselves from the current system and drastically limits their flexibility.

5. Statement of special consideration projects

We believe that the Federal government should permit as many, and as wide-ranging, demonstrations as possible.

6. Terminating experiments after five years

The length of time for demonstrations should be variable. Some may require less than five years for testing; others may require longer.

7. Requiring experimental design for all evaluations

While experimental design is recognized as the most reliable evaluation methodology, there may be instances where it is infeasible. For example, demonstrations with significant community involvement may make random assignment impractical. In such cases, quasi-experimental design or pre-post evaluation methodologies may be most appropriate.

MOYNIV6
9-Oct-87
Version

S.1511: FAMILY SECURITY ACT OF 1987
(Federal Budgetary Impact in Millions)

SEC.		Effective		FISCAL YEARS				
NO.	PROVISION	Date	Programs	1988	1989	1990	1991	1992
I.	CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY							
101	Mandatory income withholding for all child support orders	Enact. +2 yr	* CSE	0	0	-8	-8	-8
102	Change in definition of disregard of first $50	Enact.	CSE	1	1	1	1	1
103	Guidelines made mandatory with periodic review	Enact. +2 yr	CSE	0	0	-47	-81	-104
111	Standards for paternity establishment	Enact. +3 yrs	CSE	0	0	3	2	-3
112	90% match for paternity lab costs	Enact.	CSE	3	4	6	9	9
121	Prompt State response to requests for child support assistance	Enact. +1 yr.	CSE	0	23	29	31	12
122	Mandatory automatic tracking and monitoring systems	Enact.	CSE	3	3	10	10	10
123	Access to INTERNET	Enact.	CSE	-1	-1	-1	-1	-1
124	SSN on birth certificate	Enact. +2 yr	CSE	0	0	-1	-2	-2
125	Commission on interstate child support	Enact.	CSE	1	1	0	0	0
II.	JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) TRAINING PROGRAM							
201	Establishment of JOBS program	Oct-89	CSS Medicaid	68 %%	100 %%	380 -10	460 -20	468 -30
201b	State option to require certain absent fathers to participate in JOBS	Oct-89	CSS	**	**	**	**	**
202a	Federal matching rate 75% for services and 50% for administrative expenses	Oct-89	CSS	**	**	**	**	**
202b	Payment of child care, transportation and other work-related expenses	Oct-89	CSS	13	20	117	157	184
203	Repeal of certain provisions	Oct-89	CSS	0	&&	&&	&&	&&
204a	Regulations schedule	Enact.	CSS	0	0	0	0	0
204b	Performance standards developed after study	Enact. +5 yrs	CSS	0	0	0	0	0

204c	Implementation study	Enact.	CSS	1	1	1	0	0
204c	Cost-effectiveness study	Enact.	CSS	10	10	10	10	10
III.	TRANSITIONAL ASSISTANCE							
301	Transitional child care benefits	Oct-88	CSS	0	84	86	92	93
302	Transitional Medicaid benefits	Oct-88	Medicaid	0	35	105	175	230
IV.	FAMILY LIVING ARRANGEMENTS							
401	Most minor parents required to live with their parent	Enact. +1 yr	CSS	0	-20	-21	-21	-23
402a	Mandatory Unemployed Parents Program	Oct-89	CSS	0	0	153	315	323
			Medicaid	0	0	110	270	330
			Food Stamps	0	0	%%	%%	%%
402a	Quarters of work & allow States to abolish 100-hr rule or increase hours	Oct-89	CSS	0	0	22	38	51
402b	State plan requirements	Oct-89	CSS	&&	&&	&&	&&	&&
402c	Participation in training & educ. programs count as quarters of work	Oct-89	CSS	0	0	3	5	8
V.	BENEFIT STRUCTURE IMPROVEMENTS							
501	Periodic reevaluations of need and payment standards	Enact.	CSS	&&	&&	&&	&&	&&
VI.	DEMONSTRATION PROJECTS							
601	Child support demo project in NY	Oct-87	CSS	2	2	2	2	2
602	Demos evaluating model procedures for reviewing child support awards	Oct-88	CSS	0	4	4	0	0
603	Demos on shelter for homeless	Oct-87	CSS	15	15	15	15	15
604	Demos of ed. & training programs for children to reduce dropout	Oct-87	CSS	2	2	2	2	2
605	Demos to address visitation problems	Enact.	CSS	5	5	0	0	0
606	Demos to test methods for providing foster care environments	Oct-87	CSS	4	4	4	0	0
607	Demos on child care	Oct-88	CSS	0	5	5	5	5
VII.	PAYMENTS TO TERRITORIES							
701	Inclusion of American Samoa in CSS program	Oct-87	CSS	1	1	1	1	1

702	Increased funds for the Territories	Oct-87	CSS	10	10	10	10	10
VIII.	WAIVER AUTHORITY							
801	Waiver authority revised	Oct-87	CSS	&&	&&	&&	&&	&&
	TOTALS	CSS		131	243	794	1,091	1,149
		CSE		7	31	-8	-39	-86
		Medicaid++		5	60	250	480	585
		Food Stamps++		0	-5	-17	-29	-36
		NET		143	329	1,019	1,503	1,612

NOTES:

** Costs for these provisions are included in the line for JOBS.

&& Less than $500,000.

++ Estimates for Medicaid and Food Stamps are based on the entire bill; the selected provisions shown were estimated separately.

%% Estimated decreases in Food Stamp spending on Food Stamp recipients who begin receiving FSP benefits approximately equal estimated increases in Food Stamp spending on people newly eligible for both programs.

S.1511: FAMILY SECURITY ACT OF 1987
(Federal Budgetary Impact in Millions)
BY TITLE

	TITLE / Program Total Summarized	FISCAL YEARS 1988	1989	1990	1991	1992
I.	CHILD SUPPORT AND ESTABLISHMENT OF PATERNITY					
	Child Support Enforcement Program	7	31	-8	-39	-86
II.	JOB OPPORTUNITIES AND BASIC SKILLS (JOBS) TRAINING PROGRAM					
	Child Support Supplement Program	92	131	508	627	662
III.	TRANSITIONAL ASSISTANCE					
	Child Support Supplement Program	0	84	86	92	93
	Medicaid	0	35	105	175	230
IV.	FAMILY LIVING ARRANGEMENTS					
	Child Support Supplement Program	0	-20	157	337	359
V.	BENEFIT STRUCTURE IMPROVEMENTS					
	Child Support Supplement Program	&&	&&	&&	&&	&&
VI.	DEMONSTRATION PROJECTS					
	Child Support Supplement Program	28	37	32	24	24
VII.	PAYMENTS TO TERRITORIES					
	Child Support Supplement Program	11	11	11	11	11
IX.	WAIVER AUTHORITY					
	Child Support Supplement Program	&&	&&	&&	&&	&&
TOTALS	CSS	131	243	794	1,091	1,149
	CSE	7	31	-8	-39	-86
	Medicaid	5	60	250	480	585
	Food Stamps	0	-5	-17	-29	-36
	NET	143	329	1,019	1,503	1,612

NOTES:

&& Less than $500,000.

Statement by the Honorable Hank Brown
Ranking Member, House Ways and Means Subcommittee on
Public Assistance and Unemployment Compensation

Chairman Bentsen and Senator Moynihan:

I greatly appreciate the opportunity to address the Senate Finance Committtee about welfare reform. Senator Moynihan and many others have done a great deal of creative work to fashion S.1511. Some of us have even ventured the guess that Senator Moynihan would like to include further benefit increases in his bill, but declined to do so on the grounds that major new benefit increases would destroy welfare reform. In our view, he is right, and we compliment him for writing a bill that represents a reasonable starting point for serious negotiation between Democrats and Republicans and between Members of the House and Senate.

As many of you will recall, the Congress undertook welfare reform last winter amidst widespread talk of consensus on the importance of work. There was then, and there is now, general agreement that dependency among welfare participants is a serious problem, and that education, training, and employment programs have a reasonable chance of reducing dependency. But when the House of Representatives took up welfare reform in earnest, it quickly became clear that the heralded consensus on dependency and work did not exist.

After months of partisan debate, the Ways and Means Commmittee reported out a welfare reform bill that not only fails to encourage work among welfare recipients, but actually erects new barriers to work. The most important among these are:

--outright exemption of all welfare mothers with children under age 3. This provision alone exempts more than 20% of the caseload from participating in the employment and training programs;

--a prohibition on use of the Community Work Experience Program for more than six months, and under some circumstances, for more than three months. An unbiased observer might express some amazement that a bill designed to promote work contains a provision to severely limit use of the one current program that states use to give recipients direct experience in the labor force. What rational argument can be used to limit this program which has now been in existence for six years and operates in half the states?;

--a prohibition on jobs that do not pay a "standard wage." I note in passing that no one has bothered to define what is meant by standard wage, and draw your attention to the fact that this provision limits the flexibility of officials operating these programs in the nation's cities and counties. Do we promote work by outlawing a job that a welfare mother without work experience and with limited education could fill merely because it pays 50 cents an hour less than the amount some official says should be the standard wage for that job?

--a prohibition on jobs that pay less than the value of welfare benefits. Who is helped when welfare regulations try to provide recipients with guarantees that no one else gets from the labor market? Millions of young Americans enter the labor force each year and take jobs that pay less than the value of a welfare package that includes AFDC, food stamps, and medicaid. But within a few years, if they work hard they are almost certain to earn much more than they would receive from welfare.

In summarizing these provision of the House welfare reform bill, it is amazing that legislation sold to the American public as pro work actually would restrict job referrals. What a tragedy it would be if we were to pass welfare reform legislation that erects new barriers to work, and thereby move welfare recipients even further away from the fundamental goal of independence.

Mr. Chairman, we cannot urge you in terms that are too strong to create a welfare reform package that avoids these foolish and short-sighted prohibitions on work.

Instead, we hope you will write legislation that advances the nation toward three goals. First, we should provide the states and localities with much greater flexibility in helping citizens who request aid from our many public assistancce programs. The President's report Up From Dependency carefully lays out the rationale for working to achieve this goal, and proposes a specific program to help us get there. More specifically, we need to provide a broad waiver authority that would allow states to design demonstration programs addressed to dependency, to achieving greater efficiency in administration, and to encouraging better coordination among the wide range of welfare programs.

Senator Moynihan has included a good-faith program of this type in his bill. The House Republican bill goes further, especially by including more than twice as many programs that the states could use in designing their demonstrations. We do recognize the issue of committee jurisdiction, and believe that a program like Senator Moynihan's will at least establish the principles that states know as much as the federal government about effective welfare programs, and that States can be trusted to create reforms that are in the best interests of welfare recipients.

Second, a good welfare reform bill should contain very strong child support enforcement provisions. We all congratulate Senator Moynihan on the excellent child support provisions in his bill. We would, of course, enjoy participating in some negotiation about details--especially those concerning paternity establishment and interstate enforcement--but both the Moynihan provisions and those in H.R. 3200 are a good start.

Third, and most important, we urge you to create an employment and training program whose primary aim is to move welfare recipients toward independence. In our view, such a program must contain mandatory participation standards. The standards should start low--at perhaps 15% of the non-exempt caseload--and build gradually over a decade or so until around three-quarters of AFDC recipients are involved in a program designed to lead to employment.

Not everyone agrees that participation standards are appropriate at this time. However, federal law has required work for more than two decades, and yet many of the states have failed to involve more than a small fraction of their caseloads in actual employment programs. Recipients of public assistance must understand that public benefits are accompanied by public obligations--by civic accountability. The federal government must set the tone for this change in welfare philosophy. We know of no way to do so other than by requiring participation and setting specific goals for the states.

Participation standards are the heart of welfare reform. But if we expect states to impose these standards on recipients, we also realize that the federal government must be willing to pay part of the bill. Thus, we would immediately commit $500 million to support state designed employment and training programs, and greater sums in subsequent years if the programs are being effectively implemented by the states.

Federal funding of employment and training programs brings me to the next principle that we suggest you consider in fashioning your welfare reform bill. Whatever financing mechanism you select, we urge you to include incentives that reward states that actually place welfare recipients in jobs. There are several ways to achieve this goal, and we modestly suggest you consider the specific mechanisms built into the House Republican bill.

Finally, we are aware that welfare clients need some assistance during the period of transition from welfare dependence to productive participation in the labor force. Current law contains no provisions specifically focused on ensuring child care assistance during the transition period. Under the leadership of Representative Nancy Johnson, we have developed a generous proposal that would provide child care subsidies to Americans who have left welfare to accept jobs that pay less than 150% of the federal poverty level.

Again, there are surely a host of excellent approaches to providing transition child care. But the best ones will tie benefits to income, and will require some contribution from former recipients from the very beginning. Above all, good child care provisions will neither require nor encourage use of center-based or other expensive forms of child care. Let parents make their own arrangements, and provide them with some financial help.

All of us--Republicans and Democrats--are faced with an historic opportunity to reform America's welfare programs. Increasing state flexibility can stimulate creativity at the state and local level, and in all likelihood encourage a stream of innovative welfare strategies that will breathe new life into our welfare programs. Strong child support enforcement will firmly establish the principle of parental responsibility for financial support of children and minimize the need for welfare programs to support poor children. And most important, helping the states build strong and mandatory employment and training programs will move the Nation toward a welfare system based on the principles of civic accountability and individual initiative.

House Republicans have constructed a bill that will move the nation toward achieving all these objectives. This bill has been endorsed by the Reagan Administration. If the Senate now gives careful attention to the principles and legislative provisions Mr. Rowland and I have summarized here this morning, the Congress will be able to rescue welfare reform at the Eleventh Hour. Then we shall have planted the seeds of hope and initiative in a system that is now characterized by confusion and apathy.

Statement by

Senator Daniel Patrick Moynihan

On Monday last, the stock market fell by over 500 points, a crash even deeper than that which ushered in the Great Depression. It is sad that it took so stunning a blow as this to bring the President to the table to discuss deficit reduction. He has, now, at least consented to talk with us.

Everyone is or ought to be worried about the implications of the market's lack of confidence. We have been living well beyond our means for the last seven years and it has caught up with us. We must reduce the deficit.

Deficit Reduction

And we shall. In fact, we have begun. Both the House and the Senate are working on a Budget Reconciliation bill that will, through a combination of spending reductions and new revenues, save $23 billion in FY 88.

That sum is only a start. Clearly we will have to do better. There is no disagreement on that point. The question then remains, how do we effect the additional savings necessary to restore confidence in this country's economy? Whatever we do, it is generally agreed that Social Security will be exempt.

Protecting Social Security Benefits...

And that raises a curious problem. Social Security -- the Act -- includes the Aid to Families with Dependent Children (AFDC) program. As everyone here is aware, it is this program that is the focal point of our welfare reform efforts and these Finance Committee hearings.

What bears repeating is that all Social Security Act programs, save this one for the children, have their benefit payments adjusted for changes in the cost of living.

Indeed, on December 31 of this year, Social Security beneficiaries will receive a 4.2% cost-of-living benefit increase. This is not a real increase in the amount of income;

rather it is an adjustment that preserves purchasing power. This adjustment prevents an effective cut in benefits.

Except for Poor Children

This same 4.2% increase in inflation that Social Security beneficiaries are protected against represents a further erosion in the purchasing power of AFDC recipients because their benefits remain unadjusted for inflation. Since 1970, children's benefits have declined by one-third in the median state.

If one had set out in 1970 to cut children's benefits by one-third, as a means of saving the federal and state governments some money, he would have been rightly branded mean-spirited or worse.

It is bad enough that children's benefits have been allowed to erode as they have over the last 17 years. It is bad enough that we, in S. 1511, the Family Security Act of 1987, are not attempting to raise and index children's benefits. We did not include such provisions in our bill because they are just too expensive at this time in our fiscal history.

We Can Afford the Family Security Act

Having made that very difficult decision, we nonetheless proceeded to introduce legislation with a modest price tag: $2.3 billion in new federal spending over five years; $87 million in new federal spending in FY 88. Last year, we spent $26 billion on agricultural price supports.

Two billion dollars (over five years) for a welfare bill is not a great deal of money as these things go. We will hear today from some witnesses who will tell us that it is not nearly enough. I also worry that it is not enough. At the moment, however, I worry more that we may not even have that much.

Twice in the last week, the distinguished Republican Leader, and the ranking minority member of our Subcommittee, Senator Dole, has said that we ought to slow down congressional consideration of new spending bills, including welfare reform.

We must not allow the Family Security Act to be lost in this manner. The $87 million we need next year, the $210 million we need in FY 89, and the $610 million in FY 90 are not staggering sums. The elimination of $87 million from the FY 88 budget -- money which has already been reserved in the Senate Budget Resolution for welfare reform -- will not resolve our larger problems with the deficit.

Fighting for Children

I urge Senator Dole and my other distinguished colleagues on this Committee and in the Senate not to give up on AFDC reform.

I am proud that support for the Family Security Act is bipartisan; Senators Durenberger, Danforth, and Chafee are among the 13 members of this Committee cosponsoring S. 1511. I am confident that we can, together with the help of the Chairman and Senators Packwood and Dole, report out a bill that strengthens child support enforcement, that helps prepare unemployed mothers to find and take jobs, that provides transitional child care and Medicaid to families leaving the welfare rolls for payrolls, and that stops discriminating against poor children who live with both their parents.

We can do at least this much for the future.

GARREY CARRUTHERS
Governor

OFFICE of the GOVERNOR
State of New Mexico
Santa Fe 87503

The Honorable Daniel P. Moynihan
United States Senate
Washington, D.C. 20510

Dear Senator Moynihan:

Thank you for your recent letter regarding the Family Security Act (S. 1511). In New Mexico, my administration is completing a welfare reform plan which we have chosen to call "Mainstream." This effort is a combination of state legislation, waiver requests to be submitted to federal funding agencies, and regulation changes designed to promote self-sufficiency and reduced dependency on public assistance on the part of persons receiving Food Stamps and Aid to Families with Dependent Children.

The objectives of the Family Security Act are similar to those of Mainstream, particularly with regard to the emphasis placed on child support enforcement as well as education and employment opportunities. It is apparent that the Family Security Act, if passed, would be of assistance to my administration in efforts to improve the existing system.

Thank you for sharing the information contained in your letter. I would appreciate any additional material you might wish to share regarding the act and its status.

Sincerely,

Garrey Carruthers
Governor

LG/RDB/LM/lm

The New York Times - October 25, 1987

Jersey Gets Key U.S. Waivers In Effort to Overhaul Welfare

By JOSEPH F. SULLIVAN

Special to The New York Times

TRENTON, Oct. 23 — After more than a year of negotiation, New Jersey has become the first state to obtain Federal waivers so that it can begin one of the most sweeping welfare overhauls in the country.

The New Jersey program, which will require nearly all able-bodied welfare recipients to accept job training and seek full-time employment, comes amid a broad national re-examination of welfare policy.

Many people say New Jersey's experience could become a model for other states and for the Federal Government; indeed, Congress is debating a welfare bill, sponsored by Senator Daniel Patrick Moynihan, that essentially would make it easier for states to follow New Jersey's example.

President Reagan told New Jersey officials recently that the new program "could prove among the most far-reaching and significant ever in helping those on welfare get off and become productive citizens."

But what the President did not say was that the waiver process — which was concluded only after a 12-hour White House meeting that ended at 2 A.M. on Oct. 1 — was an exercise without precedent, one that presented the Federal bureaucracy with a novel challenge and helped a new White House agency earn its spurs.

"There is no way the state could undertake a program like this without these things in place," said Drew Altman, the state's Commissioner of Human Services, who found himself spending hours in various Washington offices as soon as he took over the job July 1, 1986, while Governor Kean lobbied President Reagan directly, or talked with Howard H. Baker Jr., the President's chief of staff.

Among the most important rights won by the state were these:

¶The state will be able to keep and recycle the savings in Federal funds that are expected to accrue from the changes.

¶A total of 600 welfare recipients who agree to become family day-care providers will be allowed to keep a larger portion of their welfare grants despite earning income.

¶The state will be allowed to phase in its program and operate it differently in each county.

¶Welfare recipients will be eligible for Medicaid benefits for up to 12 months after finding a job.

Slow Approval Process

In addition, the waivers allow New Jersey to extend its program to women with children as young as 2 years old, instead of 6 years old as required in Federal regulations. "Without that, we couldn't have hoped to meet our goal of trying to get to those on welfare before they become long-term recipients," Mr. Altman said.

Getting the approvals from the various Federal agencies involved was slow and labored. "We're still trying to fight the concept of top-down control around here; we have 50 years of top-down control to deal with," according to Chuck Hobbs, a Presidential assistant who heads the new White House agency, the Low Income Opportunity Advisory Board. So far, Wisconsin is the only state other than New Jersey to ask for regulatory changes to enable it to begin an experimental program.

Under the New Jersey plan — called Reach, for Realizing Economic Achievement — all able-bodied welfare recipients must agree to take part by accepting job training and education and trying to find full-time employment. In return, the state will provide training, day care services, transportation and Medicaid coverage.

Governor Kean signed the Reach legislation Oct. 8 in Bergen County, one of three counties, along with Middlesex and Union, where the program will begin. Within two more years it will be operating in all 21 counties, Mr. Altman said. The cost to the state by then will be about $100 million.

The waivers giving the state time to phase in the program and operate it differently in each county were important to state officials.

"This is not Kentucky Fried welfare reform, where you set up identical franchises in each county," Mr. Altman said. "The program is being run by the counties with local officials, job-training councils and communitiy groups all participating."

Because of the differences in the needs of welfare clients in rural, suburban and urban counties, the program may come up with different ways to provide the transportation and day care services and may offer the job counseling and training services through different agencies.

Flexibility is also the byword of Mr. Hobbs's office and the focus of a bill sponsored by Senator Moynihan, Democrat of New York, that is in hearings before the Senate Finance Committee.

Mr. Hobbs noted that New Jersey's Reach program emphasizes job training and Wisconsin's program, which will soon get the four waivers requested, st[illegible]sses education and is aimed at keeping young welfare recipients with children in school.

"Both programs are worth trying," Mr. Hobbs said. "If we were to sit down and design our own program, we may not do it either way, but we want to allow the states the latitude to come up with their own ideas.

Rikki Baum, an aide to Senator Moynihan, said his bill "would grant the governors the flexibility they asked for to design their own programs and would assure them the funds to put them into operation."

Many of the waivers obtained by New Jersey are part of the bill, includng the ability to phase in programs or imit them to a few counties and to include welfare recipients with children as young as one year, as long as day-care services are provided.

STATEMENT OF

THE HONORABLE BILL CLINTON
GOVERNOR OF ARKANSAS
NATIONAL GOVERNORS' ASSOCIATION

Mr. Chairman, distinguished members of the committee, it is my pleasure to be here today as a lead Governor on welfare reform for the National Governors' Association.

Welfare reform has been the number one priority for the nation's Governors since our Welfare Prevention Task Force was first organized in the spring of 1986. We responded to the challenge issued by the President in his 1986 State of the Union Address by developing a welfare reform policy that captures the thinking and experience of the states. States have been the laboratories for effective strategies aimed at reducing welfare dependency by increasing opportunities for meaningful education, training, and work.

We first presented our policy to you in testimony on April 9, 1987. It includes six basic components:

- A strong, well-coordinated child support enforcement program that underscores our basic belief that parents must support their children through their own efforts;
- A flexible, state-designed work program that accommodates remedial education, training, job placement and experience;
- A requirement that all recipients of cash assistance with children age three or older participate in a work program;
- A binding contractual agreement between the recipient and the government that assigns clear, mutual obligations--the client to strive for self-sufficiency and the government to provide adequate support services for a designated period of time as the client moves toward economic independence;
- An enhanced case management system at the central point of intake that assesses a client's needs, resources, and the steps necessary to move the client toward self-sufficiency; and
- As we realize savings from a strong work program, movement toward a cash assistance program that would ultimately be a state-specific family living standard developed according to a nationally prescribed percentage of that state's family living standard.

These basic principles, incorporated into a policy statement that received nearly unanimous, bipartisan support from the governors, are principles around which a national consensus has developed. Policy statements issued by groups as diverse as the American Public Welfare Association, the National Alliance of Business, and the United Way contain the basic thought that as a matter of national policy, we must turn a system that is now simply an income maintenance system with a minor work component into a system that offers welfare recipients a way out! The labor and business communities have repeatedly told us that the United States faces a massive shortage of an educated, trained work force as we approach the 1990s. We believe that the opportunity we provide the adult welfare population to enter the workforce and, perhaps even more importantly, the opportunity we provide for the seven million children living on welfare to grow up in households where education and work are the norm, is critical to our future as a nation. It is good social policy. It is good business!

Senators, an opening for debate and action on welfare reform seems only to come once every five years. The Governors share Senator Moynihan's belief that there is a rare and important syzygy, an alignment of individuals and organizations around some basic and critical themes that should not be denied. Unless we seize this opportunity swiftly and enact welfare reform in this session of the 100th Congress, we will lose this rare moment for another five years. The country cannot afford this loss.

We applaud Senator Moynihan for his tremendous leadership on the issue of welfare reform. His bill, S. 1511, supported by 56 of your colleagues, is an comprehensive outline for turning our welfare system around. The bill, consistent with much of the Governors' policy, seeks to do what the Governors believe must be done--that is, to turn from a maintenance system that traps millions of women and their children in hopeless dependency toward a program that offers opportunity and hope to those families. We believe that the Senator's bill is the appropriate reference point for a discussion of welfare reform in this committee.

One of the common themes Senator Moynihan strikes in his bill is the idea that a fundamental underpinning for welfare reform is a strong, well-coordinated child support enforcement system that enforces the belief that each parent has a responsibility through his own efforts, to support the children he or she has brought into the world. We appreciate this emphasis. The consensus that we must do a better job with child support is evidenced in other bills before the Committee as well.

In introducing his child support enforcement bill, S. 869, Senator Bob Dole said, "The time has come for Congress to be serious about reforming our national welfare system and there is a bipartisan commitment to do just that. Part of this effort will involve some fine tuning of the former child support enforcement initiative." Senator Dole's bill provides five basic ideas for improving our national performance in child support enforcement which he, like the Governors, sees as a first line defense against welfare dependency. His bill calls for: automatic wage withholding upon the issuance of a child support award by a court; the incorporation of child support award guidelines in state statute as rebuttable presumption; the updating of all child support award orders every two years; the use of employment service data in tracking absent parents; and increased penalities to states for failure to comply.

We support all of these ideas with the caution that automatic wage withholding requires a fully automated tracking system in all but the smallest of our states and that states need sufficient lead time to incorporate child support award guidelines into state statute.

Senator Bradley has also recognized the critical importance of a strong child support enforcement program and outlined his strategies in S. 1001. His bill would boost state efforts to establish paternity, particularly in cases where children are receiving Aid to Families with Dependent Children; incorporate state guidelines for establishing child support awards into state statute that are binding on the judiciary; establish four state demonstrations to test and evaluate model procedures for reviewing child support awards, provide for immediate wage withholding unless both parents agree to an alternative arrangement, mandate an automated tracking and monitoring system, establish a Commission on Interstate Child Support to make recommendations for improving interstate child support systems and revising the Uniform Reciprocal Enforcement of Support Act; and give states access to the Department of Labor's INTERNET system for purposes of locating absent parents.

Again, we support these ideas. We are aware that states have not always done a good job of cooperating with one another in tracking absent parents or in enforcing sister state child support awards. We, therefore, especially welcome the idea of a commission focused on developing better interstate relationships. We would suggest that, if such a commission is established, Governors be represented on the panel.

Clearly, there is a broad consensus to focus more attention on child support enforcement, including the common themes of automatic wage withholding, the establishment of child support award guidelines in state statute, intensified efforts to establish paternity, automated tracking systems, and wider use of employment data to track absent parents. The Governors stand ready to implement these ideas.

The second fundamental underpinning in both Senator Moynihan's bill and the Governors' policy, is a comprehensive education, employment and training program that provides critical support services that will assist adult welfare recipients become employable and employed. Further, our policy and Senator

Moynihan's bill propose that government help remove disincentives to work and smooth the transition to self-sufficiency by providing key ancillary services like day care and health care coverage for a time after an individual leaves a training program and enters private employment.

I would like to use my remaining time to offer a few comments on some critical aspects of the pending bills.

1. Senator Moynihan's bill requires each state to design and operate a flexible training program for welfare recipients. While we appreciate the flexibility that the Moynihan bill offers the states in this regard, we are concerned that a state might simply implement a job search program and consider the job done. Many of our welfare clients are in need of intensive services. Many cannot read or write. Others have had no connection with the labor market and have no marketable skills. We would suggest that the bill require that all states provide a range of services to include education, training, and on-the-job training, without specifying the specific services to be provided. Such language will ensure that the intent of our policy--that each recipient receive as wide a range of services as is possible, consistent with a state's economic condition--is carried forward without telling each state specifically how to do so.

2. There is much disagreement about which recipients should be served by an employment and training program. H.R. 1720, the House Ways and Means Committee bill, requires participation of all recipients whose youngest child is three or older. States have the option to require participation of recipients with children down to age one, if they receive a federal waiver and guarantee appropriate child care. The Moynihan bill is similar except that it does not require federal waiver to serve recipients with children age one to three and, arguably, does not guarantee child care to program participants. H.R. 3200, the Michel bill introduced in the Senate by Senator Dole, requires participation of all recipients with children age 6 months or older. We would suggest as a middle ground for this debate that participation in education, training and employment be mandatory for recipients with children age three or older but only with a guarantee that safe, appropriate child care will be available to their children. Further, we suggest that states be allowed the option of serving only those recipients with younger children who volunteer for the program. Taking volunteers with very young children ensures that recipients will come forward only if appropriate child care is available.

3. Another critical issue surrounding the establishment of an education, employment and training program for welfare recipients is funding.

The Governors believe strongly that this program must operate with an open-ended match. States will only invest funds, both federal and state, up to the point where it is cost effective in the long run; that is, where AFDC benefit savings offset the initial investment. Currently less than one percent of all AFDC expenditures go towards the support of welfare recipients in their quest to become economically independent. Our proposal for open-ended funding, even under the most generous assumptions, will see us spending only 6 to 7 percent of our AFDC dollars on education, employment, and training. If we are to give more than lip service to the idea that people can be educated and trained, than we must be willing to invest in that idea.

The Governors would be willing, however, to look with the Congress at reasonable ideas for capping administrative costs for the program. Limitations on administrative costs would increase state efficiency in running the program and would encourage states to utilize existing employment and training systems rather than creating wholly new systems.

4. Another critical component of the Governor's policy that bears discussion is the idea of transition services. All of the bills currently before the Congress recognize the need to extend health care coverage to recipients who leave AFDC for employment. H.R. 1720 calls for six months of continued Medicaid coverage, the Michel bill uses current law, and the Moynihan bill calls for four months of extended coverage with five additional months provided on a sliding fee scale. We would suggest that states provide Medicaid coverage to families leaving the AFDC rolls for increased earnings due to work for a period of nine months, the last five months of which states may charge an income-related premium at their option. Additionally, we would recommend to the committee that states be given the option to extend health care coverage to recipients for an additional nine months conditioned on the payment of an income-related premium or offering alternatives like enrollment in an employer's group health plan, enrollment in the state employees health benefit program, enrollment in a state basic health care plan for the uninsured or enrollment in an HMO. We must fashion a solution that recognizes that one of the major disincentives to work for our current welfare population is loss of health care coverage for themselves and their children.

5. The other transitional service we feel strongly about is the provision of day care to families leaving the AFDC rolls for employment. Hardly a day goes by without a newspaper report of the great unmet need for child care for our working families. And during

the course of our work on welfare prevention last year, many welfare and former welfare mothers stressed the need for a healthy, appropriate day care setting for their children. We support Senator Moynihan's provision for nine months of transitional day care on a sliding fee scale.

6. In our policy, the Governors call for a new way of paying benefits to eligible recipients. Rather than a national minimum benefit level, an idea which always seems to die in the glare of budget realities, we proposed a Family Living Standard, developed according to a national methodology but using state-specific costs to arrive at a state-specific standard of living. Our proposal included the extension of such a benefit to intact families as well as single-parent families. While we recognize that this is not the year to achieve this proposal, we encourage you to include in a final bill, a study of our idea or other proposals for a more rational way to provide cash assistance to families who will continue to need our help. Welfare reform will not be fully accomplished until we, as a nation, confront the difficult problem of widely varying standards of need in this country.

7. For almost as long as we have been debating welfare reform, the issue of whether or not to provide cash assistance to intact families has been controversial. Consensus is growing around the idea that you cannot encourage the formation of stable, healthy families while pursuing a national policy that provides assistance only to families with an absent parent. We believe that the extension of the unemployed parent program to all states is good policy. We would suggest that as a part of the extension of UP, one parent in a two-parent family receiving benefits be required to participate in the education, training, and employment program.

8. A final item for comment is the concept of broad waiver authority to allow the states to experiment with alternative approaches which meet a specific list of policy goals. This idea was first introduced by the Administration as a result of its year-long welfare study, and was included in the Michel bill, and, less broadly, in the Moynihan bill. It is an idea with merit. It recognizes that the states and local communities have provided most of the creative solutions now being used to combat welfare dependency. While we support flexible waiver authority, we do not want to compromise the entitlement nature of critical safety net programs in an era of massive federal budget deficits. While it is clearly Congress's perogative to decide its jurisdictional lines, we leave you with the thought that, with appropriate protection of the entitlement nature of the programs, most Governors support waiver authority.

Mr. Chairman, members of the committee, we hope our comments have been helpful to you. In closing, I would like to come back to one critical idea. The similarities among the various pieces of legislation are more important than the differences. The similarities speak to the broad consensus on this issue. But consensus is a fragile thing. It can quickly come apart in the swirl of deficit reduction, competitiveness strategies and presidential politics. On behalf of the nation's Governors, I urge this committee, this Senate, and this Congress not to let this historic opportunity pass. We must act. We must act now.

Thank you.

J C Danforth

Welfare Reform Hearing-- Statement by John C. Danforth

Thank you Mr. Chairman for holding this hearing on welfare reform. This is an issue that deserves careful thought and defies simple answers. The question of how to adequately and fairly provide for the needy without enouraging dependence and discouraging work is one that our nation has been grappling with for years. I am pleased that our Committee is again struggling with the dificult problems associated with the welfare system in an effort to find a way of helping the poor escape out of poverty.

I have a long standing interest in welfare reform. In 1978, I joined Senators Baker, Bellmon, Ribicoff, Hatfield, Stevens, and Young in introducing the Job Opportunities and Family Security Act of 1978. That bill was designed to increase family stability, simplify the system, reduce the inconsistencies in the program among the states, and make it more profitable to work than to remain on welfare.

Given the fiscal constraints of today, the proposal we set forth in 1978 seems radical. However, the problems remain the same and the major concern I had then is still a concern today. Our country has a history of making comprehensive changes in our welfare programs without thorough understanding. There is certainly some intellectual appeal in sweeping away an old system that doesn't seem to be working and replacing it with a new, comprehensive program. However, the people who receive welfare are not intellectual concepts but very real people- the poorest in our Nation- with very real problems and needs. Dramatic changes in the welfare system must be based on careful study resulting in educated answers rather than ideological guesses. The solutions must work. My hope is that in this Congress we will be able to make some positive changes in the system based on what we have learned, but more importantly, that we will be able to recognize that we do not have all the answers yet. A number of states, including Missouri, have developed new ideas about how to improve the welfare system. My hope is that the basis of the legislation that passes this year will be a reliance on this experimentation by the states.

While there is still a great deal of disagreement over the problems with the system, the causes of these problems, and the possible solutions, a general agreement has developed on certain issues. Liberals and conservatives alike agree that the current welfare system is outdated and permits the expansion of a growing single parent culture by not encouraging family formation and by not expecting responsibility from either of the young parents. Both agree that the changing demographics and economics mean that we can no longer tolerate a system that does not help those on welfare gain the skills and attitudes necessary to move into the workforce. It is generally agreed that legislation in this Congress must improve our child support enforcement system; encourage welfare recipients to become trained and well-equipped for available jobs; and ensure that the system is one of mutual committment where welfare recipients are expected to move off the rolls into work.

Senator Moynihan's bill, that we are examining today, contains these basic features. This piece of legislation builds on the consensus that has been formed over the last year by shifting the welfare system from a simple payment system to one of mutual obligation. If passed, it would ensure that the system encourages parental support of children, rather than presenting obstacles to independence and trapping people in a web of long-term dependency.

Most importantly, this bill does not try to "solve the welfare problem". It builds on what we have learned and recognizes that there is still a great deal that we do not know. Rather than discarding the system or making numerous requirements for the states, it makes incremental changes and encourages experimentation. The Family Security Act of 1987 takes one step in the right direction. It is a modest proposal that should not create false hopes for a "solution". However, if passed, it would enable a fundamental shift in our welfare institution and an encouragement of the values that we cherish in this country.

Statement of Senator Dave Durenberger
Senate Finance Committee Hearing on Welfare Reform
October 14, 1987

I'm extremely pleased that the Finance Committee, joined by many distinguished colleagues from the Senate and House, is turning in earnest to consideration of welfare reform. Our welfare reform efforts come at a time when society needs to reaffirm the value it places on children and on the well-being of future generations.

The challenge that faces us today was brought home to me in an article in Sunday's Washington Post. The story, titled "Fewer Students May Make the Grade: Poverty, Language, Home Life Raise Barriers to Graduation," described the incoming kindergarten class at East Consolidated elementary school in St. Paul, Minnesota. **Of the 167 students in the Class of the Year 2000, fifty-three (32 percent) live in single-parent households; and eighty-one (49 percent) live in home where either both adults are unemployed or the single parent is unemployed.** This year, for the first time, minority enrollment in the kindergarten class hit 50 percent: 11 students are Hispanic, 8 are black, 65 are Asian. This class is not unusual. Classes all across the nation reflect the changing nature of the American family and the demographics of our society.

Due to a lower birthrate in recent years, the class of 2000 will be smaller than many of its predecessors but this does not mean an easy road ahead for these children. The difficult circumstances faced by many of these children and their families -- poverty, divorce, unemployment, single parenting -- make these children at high-risk for dropping out of school, early parenting, alcohol and drug abuse and joblessness. **Unless we renew our commitment to children and particularly those in disadvantaged circumstances,** these children will be inadequately prepared to assume adult responsibilities and become productive, contributing members of our society.

We must strengthen our commitment to providing quality education and training that will prepare our children for tomorrow's workforce. We must ensure that all of our nation's children have a healthy start and that the special health needs of children are met as they grow into young adults. We must see that poor children are given the opportunity to fulfill their potential. If we do not do this now, we will be wasting our nation's must valuable resource -- our children.

We need a welfare reform policy that restores the value society places on children and families. We need a policy built on human dignity, personal responsibility and fairness and one that is designed to strengthen families -- the building blocks of our future.

Our welfare program must:

* Move us toward greater dignity for the parent by providing "stepping stones" to independence . . . to the ability to bring home a paycheck;

* Reaffirm the fundamental responsibility of parents for the well-being of their children;

* Strengthen child support enforcement through better collection efforts and paternity establishment;

* Assist parents in developing the skills to make the transition from welfare to economic self-sufficiency;

* Help families seeking to make this transition by providing child care and transportation assistance and access to health care coverage.

The Family Security Act, S. 1511, authored by our distinguished colleague Senator Moynihan, meets these requirements and deserves all of our support. It is just one several proposals introduced this year to improve our welfare system. Together these proposals suggest a level of interest in this issue which is unprecedented in recent years. I am very encouraged by this and hope we can work together to reach a consensus that will strengthen families and improve the lives of our children.

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STATEMENT OF SENATOR DANIEL J. EVANS

COMMITTEE ON FINANCE

S. 1511

October 14, 1987

I. Introduction

Mr. Chairman, I am delighted to have the opportunity of testifying before this Committee on a matter of such importance to our nation. Reform of our federal welfare system is long overdue. Welfare programs nationwide are failing to help the very people they are intended to serve. Hard-core poverty and long-term unemployment persist. Too many of our children confront a world of limited hope and opportunity. A recent study by the American Enterprise Institute found that between 35-40% of the nation's poor in the mid-1980s were children and their caretakers in families headed by women. Millions of our citizens are functionally illiterate. A government such as ours, premised on equity and fairness and ensuring that all our citizens share in prosperity, cannot and must not tolerate the ill-effects of our existing welfare system.

I commend the Committee for its willingness to move forward on welfare reform. My distinguished colleague from New York, Senator Moynihan has developed a sound legislative package that would do much to repair the gaping holes in the federal safety net. He deserves much of the credit for returning this issue to the fore of domestic policy debate.

Mr. Chairman, my comments today will focus on three areas which, in my view, the Committee must give particular attention in preparing a legislative reform package. First, we must consider the framework within which welfare reform must take place -- namely, a strong and cooperative federal-state partnership. Secondly, we must recognize current efforts by states to develop and implement welfare demonstration projects. Finally, we must address the existing and very serious shortcomings in our quality control system for federal income assistance programs. I believe this issue is critical to welfare reform efforts.

II. S. 1511 Within Context of Federalism Reform

I was an original cosponsor of S. 1511. I strongly endorse the major elements of this package, many of which are similar to the provisions included in legislation I introduced earlier this year calling for comprehensive reform of our federal-state partnership. That measure emphasizes assisting children living in poverty and breaking the generational reliance on public assistance. Most important, it seeks to eliminate those federal policies which destroy the family. Achieving these goals must be our first priority.

S. 1511 contains a number of provisions which are aimed at those objectives. The legislation, for example, requires all states to join the 26 states already participating in the AFDC-Unemployed Parent program. The current AFDC program encourages the separation of parents in order to qualify for benefits. My own state of Washington discontinued its AFDC/UP program in February, 1981. In the next 17 months, 38.2% of former AFDC/UP families became eligible for regular AFDC benefits, in most instances, because there were no longer two parents in the home. This result is not unique in Washington State. In Missouri, state administrators found that 27% of AFDC/UP cases closed after suspension of the program in 1981 were reopened as regular AFDC cases during the next 14 months. The AFDC program, without a UP component is antifamily and must be changed.

S. 1511 also strengthens the child support enforcement laws currently stranding many single parents on public assistance. It enhances work and training opportunities for AFDC recipients and targeted efforts to place those with a history of long-term reliance on welfare, while providing necessary support services such as child care and assistance with transportation costs for those participating.

A continuing roadblock to many who attempt to become independent is the staggering costs of medical coverage and child care. The legislation provides transitional Medicaid and child support coverage for those attempting to move off public assistance.

There are other provisions I, along with many others, would like to see addressed by S. 1511. The inclusion of some type nationwide minimum benefit level is essential. The nationwide disparity in benefits is disgraceful. Such grants vary up to 500% among states. To be poor and hungry in New York, however, is not much different than being poor and hungry in Mississippi, Maine or Missouri. To eliminate these inequities, the federal government should establish national minimum benefit levels and eligibility standards for the AFDC and Medicaid programs. This national benefit floor should be established at between 75 and 90% of poverty-level income.

Due to our current budgetary constraints and philosophical differences, I recognize that establishment of a national minimum benefit may not be possible at this juncture. As an alternative, I would urge the Committee to adopt a provision calling upon the National Academy of Sciences to complete a comprehensive evaluation of minimum benefit proposals. This study would include assessments of how to establish performance standards, state impact and other implementation issues relevant to successful maintenance of performance levels. A similar provision is contained in the House welfare reform proposal.

III. STATE WAIVER REQUESTS

S. 1511 contains various state waiver requests for welfare demonstration projects. Such proposals should be encouraged in our welfare reform efforts. Much can be learned from state projects seeking to simplify and improve benefits and training opportunities. I believe they will illustrate the many areas in which the federal government has over-burdened and over-regulated states. Providing states with the freedom to design alternative systems must be accompanied with guarantees that assistance to the beneficiary will not be diminished in any way.

Washington State's waiver request contains such guarantees. The AFDC portion of the project has been included in S. 1511. I would urge that this provision be expanded to include the necessary waiver for Medicaid. This project, the Family Independence Plan, (FIP), is a five-year demonstration project as an alternative to the current AFDC program. FIP is a work-training intensive project aimed at enhancing the job skills of welfare recipients. It is a proposal that has been carefully drafted and has received overwhelming bipartisan support from our state legislature. In my view, it is the most advanced and well-crafted proposal of all the state waiver requests in S. 1511.

Under the terms of the new state law, the state will implement this program in January of 1988. Thus, the necessary waivers must be in place well ahead of this date. I cannot emphasize more strongly that time is of the essence for the Washington State project. I therefore stand ready to work with the Committee to attach the FIP waiver provisions to another appropriate legislative vehicle if it becomes apparent that the Congress will not complete work on S. 1511 this year.

IV. REFORM OF THE FEDERAL QUALITY CONTROL SYSTEM

Our efforts to reform the federal welfare system will be futile if we are unable to ensure that states have the necessary resources and capabilities to carry out our new proposals. The existing quality control system for AFDC, Medicaid and Food Stamps, if left unchanged, will prevent states from moving forward. Under this system, huge fiscal penalties have been levied against the states for their error rates in program administration.

During the last legislative session, we recognized the serious flaws in federal quality control and commissioned a study by the National Academy of Sciences to explore reform alternatives. This study has not yet been completed. Additionally, we placed a moratorium on the collection of AFDC penalties. This moratorium will expire in July, 1988. I strongly urge the Committee to include a provision in S. 1511 extending the moratorium in both the AFDC and Medicaid programs. In AFDC alone, over $234 million is pending in penalties for FY'84 and in all three programs, over $1 billion in fines has been levied against the states. Until we develop a new system that will serve as an effective management tool, we cannot allow the existing process to be used to impose additional and more punitive hardships upon the states and ultimately, the very people these programs are to serve.

V. Conclusion

In conclusion, Mr. Chairman, S. 1511 is an important first step in building a strong and secure safety net for all our citizens. As we move ahead, we should keep in mind the critical next steps in this continuum. They require a determination of how the federal government will finance its increased role in providing a more secure safety net. We must begin the important task of sorting out and returning to state and local governments, programs they can operate more efficiently and more effectively.

The legislation I introduced earlier this year, S. 862, offers such a concept. A more secure safety net program can be achieved by gradually terminating federal responsibility for a variety of intergovernmental progams than can be operated better by state or local governments.

For those state and local governments too poor to fund federal program terminations, targeted general assistance grants would be available to help during the transition. In total, the cost of the new safety net benefits conferred would be equal to the cost of the old programs terminated and the new general assistance created. Fiscal neutrality, the key to the success of tax reform, undoubtedly will help ensure the adoption of major welfare reform.

As a nation, we cannot afford to continue proposing reform and falling short. The mood in Congress and throughout the nation is receptive to change. If we are clever and prudent, we can make the necessary changes proposed by Senator Moynihan and others -- and the changes I have suggested to S. 1511 today -- without spending much more money.

Thank you, Mr. Chairman. I stand ready to work with you and the Committee on this legislation and would be happy to answer any questions you or any Committee members may have.

TESTIMONY OF THE HON. JAIME B. FUSTER, RESIDENT COMMISSIONER FROM PUERTO RICO, BEFORE THE COMMITTEE ON FINANCE

October 14, 1987

Mr. Chairman, members of the Committee, I appear before you today on behalf of the 3.5 million American citizens who live in Puerto Rico, to request your assistance in effecting a much-needed overhaul of the existing limitations on AFDC funding for Puerto Rico.

To put matters in perspective, let me briefly review the history of Puerto Rico's participation in this program. Aid to Dependent Children was established under Title IV of the Social Security Act in 1935 as a cash grant program to enable participating jurisdictions to aid needy children with one or both parents dead, disabled or absent from home. Renamed Aid to Families with Dependent Children, the AFDC Program was extended to Puerto Rico in 1950, 15 years after its implementation on the U.S. mainland. Despite the extreme poverty prevailing on the Island at that time, Puerto Rico was not granted participation on a parity basis. Instead, a ceiling of $4.25 million was placed on the amount of federal assistance, which included both Aid to Families with Dependent Children and Aid to the Aged, Blind and Disabled.

This cap was subsequently raised to $24 million in FY 1972. Later, in 1979, the cap was raised to $72 million. That was the last time that the ceiling for Puerto Rico's participation in this most important program was revised. Now, eight years later, as we enter the closing years of this decade, I believe that the time has come to revisit the conditions and limits placed on Puerto Rico's participation in AFDC.

In this regard, I request your support for a moderate cost-of-living increase to raise the ceiling currently applicable to the Commonwealth of Puerto Rico from $72 million to $104 million. This action is absolutely necessary simply to restore the original purchasing power that the existing cap had, when it first went into effect many years ago.

Such an increase is also needed in order to partially rectify the major disparities which have arisen between benefit levels payable on the mainland, and those payable in the Commonwealth. At present, the average AFDC monthly payment for a family of three is only $97 on the Island, as opposed to $340 on the mainland. Similarly, the average monthly payment on the Island per recipient is only $30, versus $116 in the continental United States. These figures reflect real and significant inequalities. Moreover, since the existing cap was established, the cost of living in Puerto Rico has risen by over 40%. This has substantially eroded the real value of the existing allocation.

The bottom line is that the poor Americans who live in Puerto Rico not only receive public assistance which is grossly inadequate to meet their most basic needs, but that they are also subjected to a form of economic discrimination which other poor Americans do not experience. The result is that those who need assistance the most are actually receiving the least assistance. While it is true that we are presently laboring under severe budgetary constraints, it is also true that the present situation perpetuates inequity. As a matter of simple justice, this situation should not be allowed to continue.

Secondly, I would like to request your support for the inclusion of Puerto Rico in the welfare reform package finally approved by your Committee. I am sure that you will agree that it would be patently unfair to exclude the American citizens of Puerto Rico from the Child Support Supplement as set forth in S.1511, or from any other program designed to replace the existing AFDC program. I support the concept of welfare reform, and I hope that the people of Puerto Rico will eventually participate in the benefits of an improved, family-oriented approach.

Finally, I request that Puerto Rico be excluded from any provision mandating the AFDC-UP program. As the proposed expansion of the AFDC-UP program would entail new outlays, most jurisdictions would automatically receive additional moneys to cover such outlays. This will not occur in the case of Puerto Rico, however. Since our allocation is capped by statute, any additional outlays would have to come from Puerto Rico's own, extremely limited, financial resources. Any increase in our allocation would thus be literally "eaten up" in an attempt to comply with this new requirement. I therefore ask that the Commonwealth be relieved of this burden until additional funding is available to facilitate compliance.

In considering Puerto Rico's request, the Committee should bear in mind that after an 89-year long legal relationship between the Island and the mainland, and despite substantial economic development, needy American citizens in Puerto Rico still remain the poorest group within the population of the United States.

TESTIMONY

of

DOUGLAS G. GLASGOW
VICE PRESIDENT FOR WASHINGTON OPERATIONS
NATIONAL URBAN LEAGUE, INC.

SUMMARY OF KEY POINTS

- The National Urban League's perspective on welfare reform is framed by seven guiding principles which stem from its rich historical and current experience in serving poor families.

- We must be successful at improving the lives of at least one-third of America's poor who comprise the AFDC population, if we wish to begin addressing the problems of overall poverty and unemployment in this country.

- S. 1511 takes a positive step towards strengthening families by mandating the AFDC-UP program for all states. The Urban League urges adoption of this provision.

- The Urban League recommends inclusion of language in S.1511 that would place community based organizations at the planning/program design and service delivery levels of education, training and employment programs.

- The National Urban League prefers placing primary national emphasis on improving the labor market system (and the means of getting into and staying in that system) as the first avenue by which parents can support themselves and their children. S.1511 instead feeds into the distorted and disruptive public perception that all poor fathers are assumed unwilling to support their children by placing its first emphasis on the child support collection system.

- S. 1511 must make major improvements in its "JOBS" program by: assuring that states provide at least basic education, skills training, and other employment related services; placing emphasis on voluntary rather than mandatory participation; providing clear and strong federal directives and performance standards for meeting the needs of the long-term and those at risk of becoming long term AFDC recipients; and providing satisfactory guarantee that appropriate, safe and quality child care be available to"JOBS" participants.

- Less than one year extended child care, medical and transportation assistance following placement in unsubsidized (low paying) employment sets the stage for repeated spells of AFDC. S. 1511 must continue to move in the direction of one year extensions for these important services and delete those provisions that deny extended day care and medical assistance to persons sanctioned in the prior year despite their leaving AFDC in good standing.

- The Urban League recommends deletion of S. 1511's Title VIII- Waiver Authority.

- The National Urban League does not consider the AFDC Employment and Training Reorganization Act of 1987 (S.1655) a "welfare reform" bill and urges its rejection.

NATIONAL URBAN LEAGUE PRINCIPLES FOR WELFARE REFORM

(1) The primary objective in reforming our system of social welfare must be to strengthen the family.

(2) Program interventions must be designed to insure that poor families and individuals needing and seeking work have equal access to income through viable employment, thus enabling their capacity to participate fully in society.

(3) Families and individuals having multiple barriers to employment such as a lack of education, skills training, work experience, and long term spells of poverty and unemployment must be targeted for intensive services that facilitate their transition to the labor market.

(4) To insure permanent entry or reentry into the labor force, special emphasis must be placed on the critical transition stage from public assistance to employment. Support services such as child care, transportation, extended medicaid coverage and income disregards must be provided.

(5) A system of social welfare benefits must be economically just and promote the strengthening of families.

(6) A comprehensive continuum of service delivery systems must be utilized in national and local plans for improving the lives of poor families and individuals. Along with federal, state and local private agencies, community based organizations must be strategically involved in both planning and service delivery levels.

(7) As a nation, we must never be hesitant or timid in utilizing our federal resources effectively to improve the life conditions of families and individuals living in poverty.

Mr. Chairman and members of this committee, as Vice President of the National Urban League responsible for Washington Operations, I appreciate this opportunity to offer the Urban League's approach and recommendations pertaining to proposals for welfare reform under consideration by this committee, particularly S. 1511 as introduced by Senator Moynihan.

Our perspective on welfare reform is framed by seven guiding principles which stem from the Urban League's historical and current experience at identifying and meeting social service and economic needs of primarily poor individuals and families. Key areas of longstanding service include education, job training and other employment related services. Established in 1910, the National Urban League is a private, nonprofit, interracial community service organization with 112 affiliates in cities throughout 34 states (including the District of Columbia). Through various programs of direct services, research and advocacy, the Urban League Movement is committed to securing full and equal opportunity for minorities and the poor.

Before I proceed with our specific comments and recommendations for S.1511, I must first stress that the National Urban League, in its extensive work on welfare reform with members of both houses of Congress, has repeatedly emphasized the need to address the broader issues of poverty and unemployment in this country. In prior testimony before various committees and subcommittees of the House and Senate, we provided extensive analysis and perspective on these two national problems, including the growing phenomenon of the working poor, their disproportionate impact upon Black Americans, and outlined remedial strategies for their resolution. The National Urban League fully intends to keep these issues before the nation and the Congress, and is committed to fashioning creative, humane, and effective plans for their solution.

The Urban League is encouraged that both houses of Congress have recognized the need to address the problems of at least one-third of America's poor, namely the parents and children who are recipients of the Aid to Families with Dependent Children program (AFDC).

Indeed, we must and can be successful with this population of poor. To strengthen families both economically and socially, welfare reform proposals must reflect what we have learned about AFDC through research and direct field experience. For example, we know that AFDC recipients:

- want to work to support themselves and their children;
- are comprised primarily of children who need the same protection and care as non-poor children;
- differ in the amount of time spent on AFDC;
- that the approximate one-quarter of AFDC recipients who are long-term consume about 60% of AFDC resources and need various educational, training and employment services;
- that recipients at risk of becoming long-term are young unmarried women with young children;
- that recipients need critical supportive and transitional services such as child care, medical care, and transportation to facilitate their movement into permanent, unsubsidized jobs; and
- that 2-parent AFDC families tend to move off AFDC more readily than single parents.

It is therefore imperative that we incorporate what we know about the realities of AFDC poverty into our proposed solutions and invest our limited resources accordingly.

In light of what we know about AFDC recipients and using the Urban League's seven principles for welfare reform as our guide, I should like to highlight the following comments on and recommendations for S. 1511.

- o First, we are encouraged that Senator Moynihan's bill has taken a positive step towards strengthening families by mandating the AFDC-UP program for all states and allowing for state improvements upon current AFDC-UP law. We urge adoption of this provision.

- Second, we are pleased to learn of Senator Moynihan's intention to include language in S. 1511 that would place community based organizations at the planning/program design and service delivery levels of education, training and employment programs. This is especially important if we wish to utilize the entire continuum of service delivery systems available to us in implementing welfare reform. We urge that S. 1511 be amended to adopt such language.

However, the National Urban League is deeply concerned about those provisions of S. 1511 which are not compatible with the principles we consider to be high priority. Principle (2) addresses the issue of parental support for their children through equal access to income through viable employment. The National Urban League prefers placing primary national emphasis on improving the labor market system (and the means of getting into and staying in that system) as the first avenue by which parents can support themselves and their children. By placing first emphasis on the child support collection system, and by particularly proposing immediate mandatory automatic wage witholding, S. 1511 feeds into the distorted and disruptive public perception that all poor fathers are assumed irresponsible and unwilling to support their children. The impact of this message is especially detrimental to Black Americans, in light of the fact that Blacks remain disproportionately poor and disproportionately unemployed. A close examination of recent child support data reveals that:

- In 1985, the presence or absence of child support was not a major determinant of whether the family existed in poverty. On average, Black and white poor households who did receive child support remained poor after the receipt of child support ($5,005 white/$5,403 Black).
- Black males whose economic circumstances permit them to enter into child support agreements (i.e. allow for awards) perform as responsibly as their white counterparts in adhering to such agreements. Of the 8.8 million female-headed households in 1985 with children under 21 with an absent father, approximately 26.2% (2.3 million) were Black, with 70.6% of the white and 36.3% of the Black such households having been awarded child support. Nearly the same proportion of Black (72%) as white women (74.6%) received child support in 1985.
- Additionally, based upon our analysis of 1985 child support and other income related data, as well as findings from studies prepared for HHS by the Bush Institute of Child and Family Policy in 1985, national child support collections would be greatly increased if more emphasis were placed on higher income fathers.

Therefore in order to convey a more realistic national policy on parental support for children, the Urban League recommends that S. 1511 place its "JOBS" program as Title I, delete immediate mandatory automatic wage witholding, and add language to its child support provisions that also emphasizes the need to increase collections from higher income parents.

Urban League principle (3) states that "families and individuals having multiple barriers to employment such as lack of education, skills training, work experience, and long term spells of poverty and unemployment must be targeted for intensive services that facilitate their transition to the labor market". S. 1511 fails to meet this most critical principle and must be amended to correct the following deficiencies:

- Establishment of a "JOBS" program without any assurance of key federal standards: states are allowed virtually complete flexibility in the choice and scope of employment related services; S. 1511 therefore does not assure that states provide at least basic education, skills training, and other employment related services for those recipients who need these services, leaving the door open for states to choose only current law workfare (CWEP) and/or job search programs as the only state"JOBS" programs. A 1987 report by the U.S General Accounting Office (GAO) confirms our ongoing concern that states, for the most part and provided with limited resources (as seems inevitable under deficit reduction) would continue to offer very limited employment services;

- S. 1511 emphasizes mandatory rather than voluntary participation requirements when we know that AFDC recipients want to work and need not be cohersed to improve the quality of their lives;

- S. 1511 also fails to provide clear and strong federal directives and performance standards for meeting the needs of the long-term and hard-to-employ AFDC recipient, a population of special concern to the National Urban League and, as studies have found, often screened out of most employment programs. We find that S. 1511's fiscal incentive for targeting the long term AFDC recipient and the young at-risk of becoming long-term is insufficient in emphasizing and directing states' need to specifically serve this population. Additionally, S. 1511's fiscal incentives for targeting could be easily diluted by the bill's inclusion of parents in two-parent families as part of this target population.

- Additionally, S. 1511 does not provide satisfactory guarantee that appropriate, safe and quality child care will be available to mandatory "JOBS" participants.

  This is especially critical for very young children who need constant supervision and care. Poor families must not be forced to choose between a threat of loss of income through abusive sanctioning at program implementation levels or placing their children at risk in child care arrangements that could bring them physical and/or emotional harm.

In principle (4) the Urban League stresses the importance of providing certain services for that critical transition stage from public assistance to employment. The need for extended child care, medical assistance, transportation and income disregards have been repeatedly documented through Congressional testimony and reflect the recommendations of those service providers who work directly with poor and low income families, as well as AFDC recipients themselves. Less than one year extended child care, medical and transportation assistance following placement in unsubsidized (low paying) employment sets the stage for repeated spells of AFDC. In light of the current fiscal climate, the Urban League is encouraged that Senator Moynihan's bill does provide for 9 months of extended child care on a sliding scale fee and we would urge consideration of further extending this service to at least one year. We would further recommend extended medical coverage (without states' imposition of a premium on the recipient) for at least one year. Additionally, S. 1511 must be amended to delete those provisions that deny extended day care and medical assistance to persons sanctioned in the prior year despite their leaving AFDC in good standing.

Our final priority principle (5) stresses that "a system of social welfare benefits must be economically just and promote the strengthening of families". The National Urban League is deeply concerned that this principle will be particularly violated by the provision in S. 1511 that proposes expanded waiver authority to states. It is our view that this provision essentially paves the way for eventual abandonment of 50 years of federal responsibility in social welfare and employment related programs. Critical to the constituency of the Urban League is the fact that, through this provision, the Secretary of HHS could ignore a state's noncompliance with civil rights laws and choose to continue funding a project despite state violations. Black and other minority Americans know only too well the experience of being "defined out" when eligibility rules for various programs are being formulated. The Urban League therefore recommends deletion of S. 1511's Title VII-Waiver Authority.

In conclusion, I should like to comment briefly on S. 1655, the AFDC Employment and Training Reorganization Act of 1987, introduced by Senator Dole. The National Urban League does not consider S. 1655 a welfare reform bill. Instead, through its hollow and punitive provisions on employment training, child care, mandatory participation requirements, state participation performance standards, and unlimited waiver authority, S. 1655 represents a detrimental approach to and a dangerous detraction from national efforts to permanently move families and individuals out of poverty. The Urban League urges rejection of S. 1655.

Thank you for the opportunity to testify on this most important issue. The National Urban League stands ready to work with this committee in fashioning a just, humane, and effective welfare reform bill in the days ahead.

PREPARED STATEMENT OF JUDITH M. GUERON

Good morning. I am Judith Gueron, President of the Manpower Demonstration Research Corporation (MDRC). I appreciate the opportunity to share with you today my observations on the work and training provisions of the welfare reform bills currently before the Committee. Given the time available, I will limit my remarks to two bills -- S.1511, introduced by Senator Moynihan, and S.1655, introduced by Senator Dole -- and I will not address the broader welfare reform issues raised by this bills. My intention is not to endorse either bill, but to discuss some of the issues they raise in the context of the available research on welfare employment programs.

Often Congress must make decisions on social policy with strong evidence of the problem but little certainty on the effectiveness or cost of proposed solutions. This is particularly troubling, given the public's concern with accountability. We are, however, in a very different position with regards to employment and training programs for welfare recipients, because of very rigorous research conducted by MDRC since 1982. In the Omnibus Budget Reconciliation Act of 1981, Congress gave the states the opportunity to experiment with a variety of employment approaches for AFDC recipients. We can speak with confidence now because a number of states submitted their initiatives to rigorous evaluation using control groups and because funding for this pioneering research was provided by the Ford Foundation and the states.

Let me start by sharing with you the general message from the research. Let me also note that it is impressive that the legislative proposals now before you seem to recognize and embody many of these lessons. I have attached a fuller discussion of the research findings to my written testimony.

First, we have learned that welfare employment programs can benefit both welfare recipients and taxpayers. They can lead to increases in earnings and reductions in dependency. Across the states in the MDRC study, employment rates rose, on average, between 3 and 8 percentage points, which translates into earnings gains of between 8 and 37 percent.

Second, we have learned that we should, nonetheless, be modest in our expectations. We can count on change, but should not expect a quick solution to the problems of poverty and dependency.

Third, we have learned that it costs money in the short run to save money in the longer run, a difficult lesson given current constraints but one that should moderate our rhetoric.

Fourth, we have learned that much of the creativity and will is at the state and local levels, and new legislation should be designed to promote this. Since no one approach has emerged as superior, federal legislation should encourage state ownership and initiative and provide flexibility while assuring the efficient use of resources. At the same time, the continued need for federal funding for welfare employment programs is also clear.

In translating these lessons into legislation, we should also consider the nation's twenty year history into the WIN program. 1987 isn't the first time that Congress has expressed a preference for work over welfare. With less consensus, back in 1971, Congress required that all adult AFDC recipients with school-age children register and participate in a welfare employment program and take jobs or risk sanctions. In fact, given limited and later rapidly shrinking resources, participation often become a paper process and the program lost credibility as it failed to meet this operational objective.

What do the research and this experience suggest about specific provisions in the work programs of the several bills before the Committee? I mentioned earlier that most of the bills incorporate the basic research lessons, both in the prominence they give to employment programs and in their recognition of the importance of meeting a number of general principles: promoting state flexibility and assuring that programs serve high risk groups. Also, in a larger context, the bills recognize both the success and the limitations of employment programs, by complementing these with efforts to expand child support enforcement and to improve other aspects of the welfare benefits system.

While in many respects the bills make incremental changes in welfare employment programs, formalizing what has been accomplished since 1981, in one area they go beyond what is known by requiring participation from mothers with young children. On this issue, S.1511 seems more incremental in its approach, while S.1655 -- by mandating participation from mothers with children as young as six months, and setting participation standards for teen mothers as well as the overall caseload -- has the potential for more radical change. It should be stressed that MDRC's research does not directly address the implications of this change. Our studies have focused mostly on women with school age children; we do not have data on the impact or cost-effectiveness of mandatory programs that work on a large scale with teen mothers or mothers of small children.

While state flexibility is intended to be a keystone of the new legislation, there are complex ways in which particular features of the bills may undercut that principle and stifle the kind of experimentation that has been going on over the past few years. For the remainder of my comments, I'd like to focus on four interrelated issues which are likely to affect how states carry out the legislation: the availability of resources, targeting strategies, service mix, and participation or other performance standards. In some cases, the research record suggests what ought to be done; in others, it can identify what should not be done, but is less able to point to a specific solution. In such cases, we feel that the open questions are as instructive for formulating policy as the clear answers.

1. Recognizing funding realities

The extent to which Congressional enthusiasm for mandatory employment programs is translated into operating reality will depend on how much money the federal government provides, the federal/state matching rate, and how states respond to new funding arrangements. Both S.1655 and S.1511 recognize the importance of assuring a minimum national program, and wisely continue to provide base funding at a 90 percent federal match. This effectively guarantees that states will continue to receive at least their current WIN allocation level. S.1655 proposes a capped appropriation, starting at $500 million, with federal funds available to states at a dollar-for-dollar match beyond the 90 percent matching base. The availability of funds under S.1511 is not subject to an appropriation, and the federal/state matching rate is set at 60/40 for most employment and training activities.

The key point is to recognize that the availability of open-ended funding or a $500 million authorization does not guarantee that there will be a $1 billion national program. Since 1981, states have been entitled to draw down funds on a dollar-for-dollar basis for job search and Community Work Experience Programs. The General Accounting Office tallies on the very modest use of these matching funds to date, and the maintenance of effort provision in the bills, suggest that the overall response may remain limited, although there will be considerable variation in the amount of funds that individual states draw down. Failure to draw down funding would not result from lack of interest on the states' part, but from budget realities: many states simply lack the funds to expand substantially their welfare employment programs. Making available additional funds but requiring states to match the federal funds at much higher rates than existed in WIN does put an additional financial burden on the states. For example, under the WIN funding arrangement, if the federal government provided $380 million (as it did at for a few years), states had to come up with a $42 million match; under S.1655, if the federal government spent $380 million, states would be putting up $263 million.

The research provides a partial explanation for the state response to date. MDRC studies suggest that states had limited incentive to invest local funds in welfare employment programs at a 50/50 matching rate. In the programs we studied, for example, more than half the costs were paid by the federal government, and more than half of the savings accrued to the federal government.

Of course, both open entitlement funding or a capped appropriation involve some risks. From the budget perspective, open-ended funding raises concerns about costs that are difficult to contain. As mentioned, however, the experience to date suggests that most states have not drawn down large sums under existing open-ended provisions. The danger of using appropriated funds, on the other hand, is that Congress will scale back the program, leaving states shortchanged. This did happen with the WIN program: the annual appropriation became a target for budget cutting, and yearly funding dropped precipitously throughout the 1980s. Congress should weigh these issues carefully before deciding which funding approach to adopt.

Questions about the size of the financial investment that the federal government and states will put into the new legislation are critical to understanding how the programs are likely to be operated at the state level. While the potential for additional funding is encouraging, it should also be recognized that states are simultaneousy asked to work with a larger proportion of the AFDC caseload. Based on 1985 data, it is estimated that requiring participation from women with children as young as three, as proposed in S.1511, would increase the size of the potentially mandatory caseload from about 1.2 million women to about 2.0 million. Another 1.3 million women had children under three; most of these women would also become mandatory registrants under the provisions of S.1655. In addition, serving this group of mothers would likely be more expensive, because they will require additional child-care support. Both the reality of the current funding situation and the history of the WIN program suggest it would be naive to expect that most states will be able both to expand substantially the pool of clients served and to provide a wider range of services, particularly if women with very young children are required to participate. Thus, additional funding may not be available for enriched services, but might cover low-cost services for more of the caseload.

2. Targeting high risk groups and requiring participation from mothers of pre-school children

If resources are too limited to serve everyone, states must also decide who should be given priority. The current bills are informed by two distinct research studies, both of which have received widespread acceptance. First, the work by David Ellwood and Mary Jo Bane at Harvard University shows that a specific group of welfare recipients -- young, never-married mothers who are high school dropouts -- more often remain dependent for long periods and account for a disproportionate share of welfare outlays. These findings have created considerable interest in focusing services on this group.

Second, MDRC's work shows that welfare employment programs -- which to date have primarily served women with school-aged children -- have their smallest effects on the most job ready, who do relatively well without special services. The clear lesson from the MDRC research is that we should reverse the tendency to concentrate services on the most employable recipients. Called "creaming", this practice is frequently nurtured by well-intentioned systems of performance standards that reward programs for high placement rates without paying attention to who is being served. Instead, administrators should be encouraged to serve the more difficult to place, including those who have been on welfare the longest and do not have a recent work history.

Knowing who benefits least -- the most employable recipients -- doesn't always tell you who should be served, however. There has been a tendency to put the Bane and Ellwood study together with the MDRC work and assume that the most effective programs would be those serving teen mothers, and that states should be pushed in this direction. However, it is important to stress that the MDRC research does not support targeting teen mothers exclusively. Our findings on program effectiveness are based on studies of women with school-aged children. We do not yet have solid evidence that mandatory employment and education services will work for younger mothers, nor -- given the cost of the child care that will be required -- that it would be cost-effective to run such programs on a large scale. While concern about young welfare mothers is appropriate, we need to learn more before requiring that this group be served to the exclusion of other very disadvantaged groups of AFDC recipients.

Another reason why policy makers and program administrators should be careful of carrying targeting to an extreme, is that it is possible that long-term recipients and those with little previous work experience may benefit from participating in programs alongside those who are more independent or more knowledgeable about the labor market. For example, seeing other participants in a job search workshop get jobs might provide an incentive for the more disadvantaged. This again suggests it is wise to leave program operators with some flexibility.

S.1511 may have struck a good balance on targeting, by mandating that 60 percent of the funds be spent on groups that include recipients of AFDC for 30 out of the prior 60 months or parents under 22 who lack a high school diploma or a GED. S.1655 also recognizes the importance of not concentrating services on the most employable by structuring a system of performance standards that rewards states for placing members of high risk groups -- young mothers, mothers with children under three, and high school droputs -- in jobs or education. However, concentrating services at the young mother population and mandating a specific participation level for teen parents may be risky at the current time, since there is not evidence to date to suggest what is a realistic on-going participation level for teenage parents with young children, or whether the costs of such a program would mean denying services to other types of AFDC recipients who we know could also benefit from welfare employment programs.

3. Providing flexibility in program design

One of the remarkable developments in recent years has been the interest, experimentation, and sense of ownership that states have evinced in developing welfare employment initiatives. We feel it is critical that federal policy foster this by continuing to provide states with flexibility in designing their welfare employments programs.

It should be recognized that, given the funding constraints just mentioned, most states will have to decide whether to limit the number of people served or the services provided. For several reasons, the research record -- both what we know and what we don't know -- suggests leaving that choice up to the states. First, the MDRC research shows that a number of different program designs can be effective and points to no uniform program structure that merits national replication. We've learned, for example, that relatively low cost job search and work experience programs can be cost effective. States have structured these programs in different ways, but in almost all cases job search has been more prominent than work-for-benefits or workfare requirements. Generally, despite the opportunity since 1981 to impose indefinite work-for-benefits assignments, this has not become the major activity; instead, states have used work-for-benefits programs in a limited manner, mostly on a short-term basis, and structured them to provide productive work experience, although not substantial skills improvement.

We also have some new evidence from longer-term follow-up of a more intensive program in Baltimore that education and training may have delayed but increasing payoffs. And while low-cost programs can be of benefit to longer-term recipients, new evidence also hints that there may be some kind of threshold effect, and that more intensive services may be required if programs are to reach the multi-problem, longest-term recipients. We also don't know whether low-cost services will benefit teen parents, a group at particular risk. Because there is intense interest in reducing long-term dependency and many questions remain, we feel that states should be encouraged to experiment -- and evaluate -- in order to learn what types of services will work for this group.

This kind of flexibility is inherent in both of the current legislative proposals which permit states to offer a range of services, rather than mandating a single type of program. However, other provisions of S.1655 could seriously undercut the apparent freedom offered to states. The participation standards required in S.1655, for example, may interfere with a state's ability to provide a variety of services to the recipient population. Experience suggests that high participation rates coupled with the kind of funding constraints already identified may force states to offer very low-cost services across a wide spectrum of the AFDC population.

4. Requiring high levels of participation

When you know something works, it seems wise to assure that more of it gets done. Knowing welfare employment programs can be cost effective would seem to suggest that states should be required to reach a very large share of the caseload. The obvious way to do this is to set high participation standards and penalize states for not meeting them.

One of the key ways in which S.1655 and S.1511 differ is the role of participation standards. S.1655 sets increasingly ambitious targets over time; S.1511 does not mandate the use of participation standards and waits five years before setting performance standards.

The critical element to keep in mind in assessing these alternative approaches is that, in the short run, participation costs money. The WIN program never delivered on its participation mandate because it never had the funds to develop training or work slots for all eligibles. As a result, instead of imposing a real work test, WIN had a registration requirement.

A new welfare employment program runs the same risk. Mandating that states do better won't alone make it happen. It will cost money to involve welfare recipients in employment-related activities, especially on an on-going basis.

If the programs were richly funded, high participation standards might pose operational challenges, but would not force states to make possibly counterproductive programmatic choices. But the reality is likely to be different. As we have seen, funds are likely to be limited. If funding remains low, states will be forced either to serve many people with very low-cost interventions, or to work with a smaller proportion of the caseload, mixing high intensive and low-intensive services to different groups. High participation standards coupled with limited resources pushes the balance in favor of low cost services.

Simple arithmetic suggests the importance of two numbers in assessing the impact of participation standards: the program budget and the number of people that have to be reached in order to result in the desired participation level. Dividing the former by the latter gives the average amount that can be spent per participant. If funds are limited, serving many means, on average, providing each with little. For example, if the federal government spent the full $500 million authorization under S.1655 and states provided another $335 (as CBO estimates they would in 1992), there would be $835 million available to provide services for a mandatory caseload of about 3 million women. This translates into roughly $280 per eligible person, on an annual basis. In MDRC's evaluations, three out of four states with positive impacts spent considerably more than this per eligible, working with women with school-age children. This is also notably less per mandatory case than WIN had at its peak, when states were unable to provide services to the majority of the mandatory caseload.

In these circumstances, except in the few states which will provide substantial funds, setting high participation standards can lead to one of two outcomes: either states will fail to meet the target or they will have to spread resources very thinly, in fact losing any real flexibility in program design.

In addition to restricting state flexibility, high participation requirements raise other problems. The widespread support for welfare employment programs grows from their apparent fit with prevailing values and their seeming success in meeting the dual objectives of increasing the employment and income of welfare recipients and ultimately saving money. Requiring participation is usually viewed as a means to these ends, not an end in itself.

The research to date shows that programs providing a modest level of service can meet the dual objectives of assisting the dependent and saving money. But new findings suggest the risk of assuming these could be replicated on a much larger scale without substantially expanded funds. That is, there may be a minimum average expenditure level below which programs may not be very effective.

Research just completed and not yet published on a program operated in a major urban area between January 1984 and late 1985 suggests what may happen if limited funds are spread across the full mandatory caseload. Given a large caseload and a budget of approximately $150 per case, the program focused more on administrative and monitoring functions than on providing direct services to welfare recipients. An emphasis on participation -- and sanctions for people who failed to satisfy program requirements -- produced different results than we have seen in other states. Taxpayers saved some money, but welfare recipients, on average, did not experience earnings or employment gains.

Thus, setting high participation standards without high levels of funding may lock states into providing uniform, very low-cost services that do not benefit recipients, particularly the most high risk groups, such as young mothers. As noted before, it appears that more intensive services may be required to help move multi-problem, long-term recipients into employment.

Beyond these concerns, there are other, more practical reasons to avoid setting high participation standards at this time. There are currently no good national data on participation in the WIN program that could serve as a benchmark for establishing national standards. While the MDRC study showed that states can now achieve higher participation rates than WIN historically did, these programs sometimes served only a portion of the welfare caseload in limited geographic areas. Moreover, measured participation rates are very sensitive to how participation is defined (e.g., the activities that are counted, the time period covered) and other elements that vary widely across states (e.g., the availability of education programs, the level of part-time employment, the characteristics of the welfare caseload, rates of welfare turnover, local labor market conditions). States will not be on a level playing field in trying to meet any uniform national participation standard, but instead will face different challenges.

All these considerations suggest that it is premature to set ambitious national participation standards for a new program. Instead, Congress should assure that data are collected on participation and actual program outlays and achievements. Based on this information, reasonable targets could be established after several years of data are available.

5. Requiring evaluation

My comments today suggest that we now know enough to move forward on expanding the welfare employment system, and that there is a sufficient knowledge base for action at the current time. But many questions remain open and deserve careful study in the future. In particular, we need carefully structured research to determine whether the yield from welfare employment programs is greater when more intensive -- and more costly -- services are made available, and whether some segments of the welfare caseload would benefit more than others from such opportunities. As I noted earlier, we also need to know the effects and costs of mandating participation for mothers with young children.

Bearing this in mind, I would advise you to ensure that there will be rigorous evaluations of future state programs. Experimentation without solid research will not yield information about how to improve the welfare employment system, or the AFDC benefit system, in the future. We believe that the federal government should take the lead in this, and not leave the design and funding of evaluations solely to states.

In conclusion, let me again congratulate this committee for moving forward on a critical issue and urge you to weigh carefully the alternative approaches recommended in these bills.

Reforming Welfare with Work

BY JUDITH M. GUERON

THE STRIKING FEATURE OF THE PROGRAMS STUDIED BY MDRC IS THEIR CONSISTENTLY POSITIVE OUTCOMES.

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Last year in these pages, I outlined the interim findings of a five-year study begun in 1982 by the Manpower Demonstration Research Corporation (MDRC) to examine eight state initiatives that attempt to restructure the relationship between welfare and work (PUBLIC WELFARE, Winter 1986). That relationship is a key element in the long-running national debate over how to reform the welfare system—a debate that has intensified recently. The evaluations in five of the targeted states now have been completed, and their findings have provided important lessons as Congress attempts to decide whether welfare programs should continue to be broad entitlements or instead should become "reciprocal obligations," whereby work—or participation in an activity leading to work—is required in return for public aid.[1]

This article first sets the context for the discussion by outlining the issues surrounding the federally supported aid to families with dependent children (AFDC) program, which provides cash assistance to families headed primarily by female single parents, and the evolution of the debate about reforming welfare with work. It then summarizes the major findings of the MDRC study. In conclusion, it suggests some of the implications of these findings for welfare policy and discusses important unanswered questions.

The Pressure for Reform

The current AFDC program is one way of balancing the competing values and objectives of social welfare policy: to reduce poverty (especially among children), to encourage mothers and fathers to support themselves and their families, and to minimize program costs. Today's debate about the program echoes a central dilemma that was identified as long ago as the time of the English Poor Laws: Is it possible to assist the poor without, by that very act, giving people incentives for behavior that perpetuates poverty and dependency? This question, in turn, rests on ideas about who the poor are and what has caused their condition.

While the debate about AFDC has long recognized that the multiple objectives of the program cannot all be maximized and that any welfare system involves trade-offs, at issue is whether the existing AFDC program represents the best balance possible, given current values and knowledge.

Of particular concern in AFDC policy are questions about whether it reduces the incentives for people to work and whether it promotes a "culture of poverty"—for example, teenage pregnancy and multigenerational dependency. The arguments are simple:

- Most people have to work for income. Welfare recipients have an alternative.
- In addition, the very rules of AFDC and all other income-conditioned programs serve to "tax" the income gained by people who do work: these rates are often very high. As a result, the structure of the AFDC program makes work less attractive and encourages dependency.
- While AFDC has been criticized for not providing sufficient income, any attempt to increase welfare grants to levels that provide a decent standard of living for adults and children will only increase the disincentives for recipients to take low-paying jobs.
- Since AFDC eligibility is open primarily to women heading households and since benefits depend on the number of children, the very design of the program may discourage family formation and allow fathers to avoid supporting their children.

Unfortunately, it is easier to describe the arguments than to quantify the extent to which poverty or female-headed families actually result from welfare programs rather than from other social or economic forces.

It is also difficult to devise alternative policies that perform better. There are a number of reasons why reform has proven elusive. First, the debate surrounding the appropriate policy connection between work and welfare has frequently been highly charged, dealing as it does with central issues of income redistribution, social justice, and individual responsibility. Since there is no consensus on the relative importance of the different policy objectives, efforts at reform that are more successful in meeting one objective—but only at the expense of another—usually encounter strong opposition. Second, the lack of reliable data on the alleged negative effects of welfare makes it difficult to assess the actual trade-offs involved in different reform options.

Several factors have led to a change in public perceptions about the appropriateness of employment for welfare mothers.

There is also persistent disagreement on the causes of poverty and welfare dependency, with different diagnoses suggesting different cures. Some blame the disincentives embodied in welfare programs themselves, while others stress the limited education, skills, and work experience of the poor. Some highlight health problems or negative attitudes toward work; and still others point to the labor market, with its lack of opportunities for employment and advancement. The importance of these nonwelfare factors suggests that changing the AFDC rules will constitute only one element in any attack on poverty.

In the past 25 years, three basic approaches have been taken to reform welfare in order to better reconcile the central values discussed above. The first involves changing the rules for determining welfare eligibility and the size of benefits in order to increase the financial incentives for choosing work instead of welfare – that is, it would encourage recipients to increase their work effort voluntarily. The second transforms the AFDC entitlement into a "bargain" in which an AFDC grant carries with it some reciprocal obligation to accept a job; to search for work; or to participate in work experience, education, or training activities in preparation for work. This approach has been mandatory in that an individual can lose AFDC benefits for failing to cooperate with the program requirements. A third strategy has been to rely less on AFDC cash grants and more on alternatives that provide other incentives: for example, child-support enforcement, changes in tax policy that increase the rewards for work, and the direct provision of training or jobs.

The discussion below outlines why the welfare reform debate has increasingly shifted toward the second approach – work solutions – and presents evidence on the feasibility and effectiveness of this strategy. (Throughout, this article focuses on welfare programs directed to families, not to the aged or disabled.)

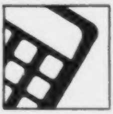
The AFDC Program. Public assistance programs in this country have tried to make sharp distinctions between those persons considered able to work and those judged appropriate for public support. Working-age men have been included in the former category – and they have received only limited support in the welfare system. The aged and severely disabled are classified in the latter category. There has been a controversy about poor single mothers, with a recent major shift in the relative emphasis given to ensuring the well-being of children and encouraging their parents to support themselves by working.

When the AFDC program was adopted as part of the Social Security Act of 1935, it was regarded primarily as a means to provide assistance to poor children. The initial assumption was that only a small group of poor mothers would receive benefits on behalf of their children: widows and the wives of disabled workers who, like other women, should have the opportunity to stay at home and care for their children. The issue of work incentives did not arise since these were cases of hardship, not choice. The focus was on child welfare, and encouraging mothers to enter the workplace was not seen as a route to that goal.

In recent years, several factors have led to a change in public perceptions about the appropriateness of employment for welfare mothers – including even mothers of very young children.

First, in the 1960s and early 1970s, AFDC caseloads and costs grew rapidly, as did the proportion of the caseload headed by women who were divorced or never married. Second, the employment rates of all women – including single parents and women with very young children – increased dramatically, leading many to reconsider the equity and appropriateness of supporting welfare mothers who could be working. Third, while recent research confirms that most people use welfare only for short-term support, it also points to a significant group for whom AFDC serves as a source of long-term assistance. The growing concern about the presumed negative effects of such dependency on adults and children has intensified efforts to reach this group.

All of these developments have raised questions about whether the design of the AFDC program was not part of the problem.



The Carter and Reagan proposals had striking similarities.

Strategies for Reforming AFDC. All AFDC reform efforts have faced the challenge of providing adequate income while maintaining incentives for work and self-sufficiency – and doing both at a reasonable cost. Years of debate have confirmed the impossibility of simultaneously maximizing all of these objectives and have also identified some of the trade-offs that the different approaches imply.

During the period from the mid-1960s to the early 1970s, many attempts to increase the employment of welfare recipients centered on building financial incentives for work into the AFDC program itself. As a first step, the 1967 amendments to the Social Security Act reduced the rate at which welfare grants decreased – the implicit marginal "tax" rate – when recipients went to work.

Then interest shifted and the debate centered on the advantage of replacing AFDC with a universal, noncategorical, negative income tax. This was proposed in the Nixon administration's family assistance plan, which would have guaranteed a minimum income to all Americans, not only single-parent families but also the working poor. It was hoped that this expanded coverage would lessen the incentives for family dissolution and, at the same time, would not seriously reduce work effort. Some have argued, however, that the findings from several federally sponsored income maintenance experiments suggest that more generous financial incentives to work would have increased the size of the beneficiary population and actually reduced, rather than increased, overall work effort.[1] For many people, this new evidence eliminated the possibility of welfare reform by means of a comprehensive negative income tax system.

As a result, the welfare reform proposals of both the Carter and Reagan administrations have included some form of comprehensive work obligation, under which "employable" welfare recipients would have to accept a job or participate in a work-related activity. These plans relied on mandatory requirements to provide an incentive—through the threat of a loss of welfare benefits—for welfare recipients to work.

A harbinger of this policy shift was the enactment of the work incentive (WIN) program. Introduced as a discretionary program in 1967, WIN became mandatory in 1971; that is, in order to receive AFDC benefits, all adult recipients without preschool children or specific problems that kept them at home would have to register with the state employment service, participate in job training or job search activities, and accept employment offers. While in theory WIN imposed a participation obligation, the program was never funded at a level adequate to create the precondition for a real work test: a "slot" for each able-bodied person.

The most common activity by far has been job search, a relatively modest, short-term intervention.

Responding to pressure to increase the work effort and reduce the AFDC rolls, both the Carter and the 1981 Reagan proposals called for a redefinition of the welfare entitlement. The two designs had striking similarities that are usually overlooked. Both suggested that the right to welfare benefits be linked with an obligation to work: that is, employable AFDC recipients who failed to locate jobs would be required to work as a condition of receiving public aid.

There were important differences, however, in the amount and the form of that aid. The Carter proposal guaranteed welfare recipients full-time public service employment (PSE) jobs and would have paid them wages. In contrast, the Reagan administration's universal "workfare" plan mandated that recipients would work in exchange for their welfare grants, with no compensation beyond the public assistance check—except for the limited reimbursement of working expenses. In all states but those with the highest grants, the workfare formulation would lead to part-time work and continued low income.[3] (Here, and elsewhere in this article, the word "workfare" is used to describe a mandatory work-for-benefits program, and not the evolving broader definition that encompasses any form of work-related obligation or option.)

The special appeal of restating the AFDC "bargain" this way lies in its seeming to reconcile the conflicting welfare policy objectives at the same time as it may provide a direct attack on the causes of poverty and dependency. The claimed advantages of this approach include

- **strengthening work incentives and bringing AFDC into line with prevailing values.** By design, such programs provide the strongest work incentives since benefits are conditioned on meeting a work requirement. Welfare recipients would have an obligation that parallels the one faced by other citizens and that fits with mainstream American values and the belief in the work ethic—values shared by the general public and by welfare recipients.
- **improving the employability of welfare recipients.** It was hoped that work programs would increase human capital, indirectly by instilling a sense of responsibility or the work ethic and directly by developing skills by means of well-structured work experience. To ensure that this occurred, some states have extended the range of mandatory activities to include education and training.
- **providing social benefits.** To the extent that workfare and PSE strategies create additional positions and meaningful work, they also promise to provide useful public services.
- **reducing the welfare rolls.** Mandatory work approaches, it was hoped, would reduce welfare dependency by deterrence and assistance. Because of the new requirements, some individuals might not apply for welfare and others might leave the rolls more quickly. Some might refuse work assignments because of conflicts with unreported jobs and then be "sanctioned," that is, removed from the rolls. Others, benefiting from the new skills or from a work record, might find it easier to obtain unsubsidized jobs.
- **psychological benefits and public support.** Supporters also have argued that forging a direct connection between welfare and work bestows greater dignity on recipients, has positive effects on the worker and his or her family, and increases public support for the AFDC program.

Critics challenged the ability of both the Carter and Reagan proposals to satisfy these claims. Given the existing service-delivery system and the nature of the welfare population, they questioned whether a large-scale participation and work requirement could be enforced in a manner that met acceptable standards of fairness. For example, how would these programs differentiate between recipients who should be excused from any obligation, for good cause, and those who should be penalized for noncompliance? This was particularly challenging, given the widespread recognition that there was no easy and straightforward formula to determine the "employability" of female household heads, which would depend on diverse and changing factors such as health and the availability of child care.[4]

Many also questioned whether a sufficient number of useful jobs could be created that would also provide employment skills and yet not displace workers and, if not, whether jobs for welfare recipients would become punitive or "make-work."

Critics also thought that workfare or PSE positions would not speed the transition to unsubsidized work because the economy did not generate enough regular jobs and program services were of limited value in helping recipients obtain available ones. Moreover, some questioned the assumption that people would move off the rolls to avoid a work obligation, seeing no need to create a work ethic where one already existed. As a result, they argued that the additional costs of administering a work program would exceed any potential welfare savings. Finally, critics maintained that public employees and other groups would not accept the supplementation of the work force by unpaid or low-paid public assistance recipients.

The programs were relatively inexpensive.

While many of these criticisms were directed at both the Carter and Reagan proposals, welfare advocates for the most part preferred the Carter PSE approach to the Reagan workfare model. In addition, advocates favored expanding the list of required activities to include education and training and wanted to increase the level of support services. Such measures appeared to shift the balance away from obligation toward opportunity.

Ultimately, the high cost of the Carter administration's proposal – the Congressional Budget Office put a price tag of more than $15 billion a year on the program for better jobs and income – led to its rejection. The Reagan administration's 1981 version was treated more favorably. While Congress did not mandate a national program, the states could choose to implement workfare. The states that did so have often made further changes that have transformed workfare from a straight work requirement – in which recipients "pay back" society – to a program that also aims at assisting people in leaving welfare.

Lessons from the 1980s: An Evaluation of State Work/Welfare Initiatives

In passing the Omnibus Budget Reconciliation Act of 1981 (OBRA), Congress reflected both a growing consensus on the need for welfare recipients to work and to become more self-supporting and, at the same time, an uncertainty about the feasibility and effectiveness of the proposal for universal workfare. The legislation gave the states a chance to experiment, albeit within the context of sharply reduced funding.

The community work experience program (CWEP) provisions of the act made it possible for states for the first time to choose to make workfare mandatory for AFDC recipients. States also were authorized to fund on-the-job training programs by using a recipient's welfare grant as a wage subsidy for private employers. In addition, primarily through a new option known as the WIN demonstration program, states could change the institutional arrangements for delivering employment and training services and were allowed greater flexibility in the mix of those services. In many states, the OBRA possibilities seemed to trigger a new resolve on the part of state administrators to make WIN participation requirements more meaningful than they had been in the past.

In 1982, MDRC began a five-year social experiment to examine the new state work initiatives. MDRC's demonstration of state work/welfare initiatives is a series of large-scale evaluations in eight states and smaller-scale studies in three additional states. Major funding for the study was provided by The Ford Foundation, matched by grants from other private foundations and the participating states, which in general received no special operating funds.

As a result, the project is not a test of centrally developed and funded reform proposals, but rather of programs designed at the state level in the new environment of OBRA flexibility and constrained funding. And because these initiatives are often the states' WIN demonstration programs, the study for the first time provides rigorous answers on the effectiveness of the WIN program in its 1980s WIN demonstration incarnation.[5]

To ensure that the project produced findings of national relevance, the states are broadly representative of national variations in local conditions, administrative arrangements, and AFDC benefit levels – which, for a family of three in 1982 in the participating states, ranged from a low of $140 per month in Arkansas to a high of $526 in California. Demonstration locations include all or part of several large urban areas – San Diego, Baltimore, and Chicago – and a number of large multicounty areas spanning both urban and rural centers in Arkansas, Maine, New Jersey, Virginia, and West Virginia. (Table 1 summarizes the key features of the eight state programs and the different groups studied in each state.[6])

The study tests a range of strategies rather than one program model, reflecting differences in state philosophies, objectives, and funding. Some states have limited their programs to one or two activities, while others offer a wider mix. A few programs are voluntary, but most require participation as a condition of receiving welfare benefits.

In designing their programs, many states chose job search activities and unpaid work experience. The job

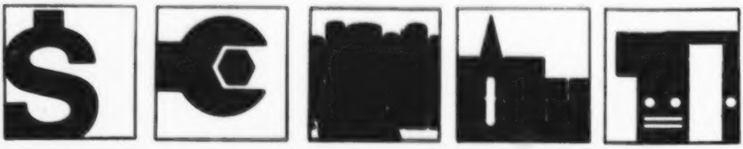


Table 1. Key Characteristics of State Work/Welfare Initiatives

State/City[1]	Program Model and Nature of Requirement to Participate[2]	Study Area[3]	Target Group
Arkansas	Mandatory program. Job search workshop followed by individual job search and 12 weeks of work experience in public and private nonprofit agencies.	Pulaski South and Jefferson counties	WIN-mandatory AFDC applicants and recipients including women with children aged 3 to 5.
San Diego, California	Mandatory program. Job search workshop. Mandatory program. Job search workshop followed by 13 weeks of CWEP in public and private nonprofit agencies.	Countywide	WIN-mandatory AFDC and AFDC-U applicants.
Chicago, Illinois	Mandatory program. Individual job search and other activities, excluding work experience. Mandatory program. Individual job search followed by activities, including 13 weeks of work experience.	Cook County	WIN-mandatory AFDC applicants and recipients (including recently approved cases)
Maine	Voluntary program. Prevocational training, 12 weeks of work experience and on-the-job training funded by grant diversion.	Statewide	AFDC recipients on welfare for at least six consecutive months.
Baltimore, Maryland	Mandatory program. Multicomponent, including job search, education, training, on-the-job training and 13 weeks of work experience.	10 out of 18 Income Maintenance Centers	WIN-mandatory AFDC and AFDC-U applicants and recipients.
New Jersey	Voluntary program. On-the-job training funded by grant diversion.	9 of 21 counties	WIN-mandatory and voluntary AFDC recipients.
Virginia	Mandatory program. Job search followed by 13 weeks of CWEP, education, or training.	11 of 124 agencies (4 urban 7 rural)	WIN-mandatory AFDC applicants and recipients.
West Virginia	Mandatory program. CWEP—unlimited duration—in public and private nonprofit agencies.	9 of 27 administrative areas	WIN-mandatory AFDC and AFDC-U applicants and recipients.

Notes: [1] In Maryland and Arkansas, a full evaluation was conducted in the indicated counties and a process study was done in other counties.

[2] In San Diego, Virginia, and Chicago there were two different experimental treatments.

[3] In addition to the study areas, Virginia and West Virginia implemented the program statewide and Arkansas, Maryland, and Illinois implemented the program in selected other areas.

search strategy is based on the assumption that many welfare recipients are currently employable but have not found jobs because they do not know how – or are not sufficiently motivated – to look for them. Job search does not train people for specific jobs but encourages and teaches them how to seek employment.

Two versions of mandatory unpaid work experience exist in six of the states. In the first, the CWEP or workfare version, work hours are determined by dividing the AFDC grant by the minimum wage. The work requirements can be limited in duration or can be ongoing – that is, they last as long as recipients remain on welfare. In the second version – usually called WIN work experience because it was first used in the national WIN program – the number of hours worked is unrelated to the grant level and participation is generally limited to 13 weeks.

Contrary to some expectations, the states in the study – reflecting the larger national response to OBRA – did not choose to implement universal workfare. Mandatory job search was more widely used. Among the demonstration states, only West Virginia – with its unusual labor market conditions – followed the model originally offered to the states as an option in the 1981 legislation: workfare with no limit on the length of the recipient's participation. The West Virginia program, however, was directed primarily at men receiving assistance under the AFDC program for heads of two-parent families (AFDC-U). The state placed less emphasis on workfare for women receiving AFDC.

It is very rare to be able to conduct an evaluation with this degree of reliability.

Other programs – in Arkansas, San Diego, and Chicago – established a two-stage sequence consisting of job search followed by a work obligation, usually limited to 13 weeks, for those who had not found unsubsidized jobs during the first phase. Virginia required job search for everyone and offered short-term workfare as a later option among other mandatory services. Baltimore operated a range of educational and training services – including job search and unpaid work experience – with participants' choices tailored to their needs and preferences. Two states – New Jersey and Maine – implemented voluntary on-the-job training programs with private employers, using the diversion of welfare grants as the funding mechanism.

The programs varied in scale. Although most were large, none covered the full AFDC caseload. Five operated in only part of a state. Most were targeted to women with school-age children – the only group traditionally required to register with WIN – who typically represent about one-third of the adults heading AFDC families. Some worked only with subsets of this mandatory group – for example, people who had recently applied for welfare and were new to the rolls – while others included both new applicants and those who were already welfare recipients. In addition, three programs required people receiving welfare through the AFDC-U program to participate.

The states also had different objectives. Some placed relatively more emphasis on developing human capital and helping welfare recipients obtain better jobs and long-term self-sufficiency. Others stressed immediate job placement and welfare savings. The states also varied in the extent to which they emphasized and enforced a participation requirement. While most planned to increase participation above the levels achieved in WIN, few clearly articulated a goal of full or universal participation.

Interim Findings from the State Work Initiatives. The MDRC study is structured as a series of three-year evaluations in each state. Because the research activities were phased in at different times, the study extends over five years. Final results are now available from five of the programs – those located in Arkansas, San Diego, Virginia, West Virginia, and Baltimore – while partial results are available from most of the others.[7]

The study addresses three basic questions. Each is discussed below, with the focus on overarching lessons, not on the full range of program-specific findings.

Is it feasible to impose obligations – or participation requirements – as a condition of receiving welfare? Pre-1981 welfare employment programs – both the WIN program and several special demonstration programs – generally were unable to establish meaningful work-related obligations for recipients. A major question at the outset of the MDRC study was whether the existing bureaucracies would have better success.

In some cases, the answer is yes. In most of the states studied, participation rates are running above those in previous special demonstrations or in the WIN program. Typically, within six to nine months of registering with the new program, about half of the AFDC group had taken part in some activity; and substantial additional numbers had left the welfare rolls and the program. Thus, for example, within nine months of welfare application in San Diego, all but a small proportion – 9 percent of the AFDC applicants and 6 percent of the AFDC-U applicants – had left welfare, had become employed, were no longer in the program, or had fulfilled all of the program requirements. In some other states, the proportion of those still eligible and not reached by the program was as high as 25 percent, indicating a somewhat looser enforcement of the participation requirement. Overall, this represents a major management achievement and reflects a change in institutions and staff attitudes.

Given the financial constraints under which states have been operating, however, one should not exaggerate the level of services recipients have received or the scope of their participation obligation. The most common activity by far has been job search, a relatively modest, short-term intervention. Education and training activities have been limited; and workfare, when it is required, has almost always been a short-term obligation – usually lasting 13 weeks.

In part, this response reflects limited funds. The programs were relatively inexpensive, with average costs per enrollee ranging from $165 in Arkansas to $1,050 in Maryland. Had the typical obligation been longer or more intensive, it would have been necessary to raise the level of the initial investment in services. States have thus far managed to deliver services with generally modest funding. If, however, resources remain low or are further depleted – or if the programs expand in scale – there is a risk of returning to the pre-1981 WIN approach of formal registration requirements and little real programmatic content.

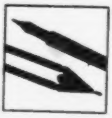
What do workfare programs look like in practice, and how do welfare recipients view the mandatory work requirements? Much of the workfare debate hinges on the nature of the work site experience: that is, whether the positions are of a punitive and make-work nature or whether they produce useful goods and services, provide dignity, and develop work skills. MDRC addressed these questions by means of in-depth interviews with random samples of workfare supervisors and participants in six states. Results suggest that:

- The jobs were generally entry-level positions in maintenance, clerical work, park service, or human services.
- While the positions did not primarily develop skills, they were not make-work. Supervisors judged the work important and indicated that participants' productivity and attendance were similar to those of most entry-level workers.
- A large proportion of the participants responded positively to the work assignments. They were satisfied with the positions and with coming to work, and they believed they were making a useful contribution.
- Many participants nevertheless believed that the employer got the better end of the bargain or that they were underpaid for their work. In brief, they would have preferred a paid job.

These findings suggest that most states did not design or implement workfare with punitive intent. This may explain results from the work site survey that indicated that the majority of the participants in most states shared the view that a work requirement was fair.[8] These results are consistent with findings from other studies that show that the poor want to work and are eager to take advantage of opportunities to do so. As one of MDRC's field researchers observed: "These workfare programs did not create the work ethic; they found it."

While this evidence is striking, it should not be used to draw conclusions about the quality of the programs or about the reactions of welfare recipients should workfare requirements be implemented on a larger scale, be differently designed, or last longer than the 13-week assignment typical in the states studied.

Do these initiatives make a difference? Do they reduce the welfare rolls and costs and/or increase employment and earnings? How do the programs' benefits compare with their costs? Experience suggests that these are very difficult questions to answer. Prior research shows that, contrary to popular conceptions, half of all welfare recipients normally move off the rolls – often to a job – within two years.[9] Thus, if a study points to the achievements or cost savings of a program based only on the performance of the participants – for example, based on job placements – it will overstate the program's accomplishments by taking credit for those who would have found jobs on their own. The challenge in assessing program achievements, or "impacts," is to distinguish between program-induced changes and the normal dynamics of welfare turnover and labor market behavior. Accurate assessment requires data on what people would have done in the absence of the program, that is, data describing the behavior of a control group.



While these programs are worthwhile, they will not move substantial numbers of people out of poverty.

In eight of the states in MDRC's study, the researc is structured to meet the major objection leveled at man earlier evaluations: that their control groups did not co rectly mimic the behavior of the participants or that the had no control group at all. The human resources commissioners in these eight states acted with notable foresight. In an unusual display of commitment to hig standards of program evaluation, they actively cooperated with the random assignment of more than 35,00 individuals to different groups, with some participatin in the program – or several program variations – and some placed in a control group, receiving limited or n program services.

It is very rare to be able to conduct an evaluation wit this degree of reliability. In fact, never before has a majo part of the nation's employment and training syste been assessed on this scale, using an "experimenta methodology based on random assignment. Typical researchers have had to contend with studies that vie a great deal of data but produce little evidence ab what the program actually accomplished. Often, "r sults" merely show what would have happened to p ticipants in the normal course of events. In contrast study using random assignment sets a demanding sta dard for what can be registered as change and accurat pinpoints the real achievements of the program.

Assessing the impact and the benefit-cost results to date is very much like looking at a glass and characterizing it as half full or half empty. Depending on one's perspective, there are real accomplishments or there is a basis for caution. In either case, the findings are complex and require a careful reading. The balance of this section presents the positive view and then discusses potential limitations on what the programs can achieve.

First, the results dispel the notion that employment and training interventions do not work. In light of the findings for these work/welfare initiatives, it is no longer defensible to argue that welfare employment initiatives have no value. Using a variety of approaches, four of the five programs studied thus far have produced employment gains for AFDC women. The one exception was the workfare program in West Virginia, where the state's high unemployment and rural conditions severely limited the job opportunities.

Table 2 compares the behavior over time of people in the "experimental" group – who were required to participate in the program – with the behavior of those people in the "control" group – who were not.[10] The results are for the primarily female AFDC group. As shown in the table, the program of mandatory job search followed by short-term workfare for AFDC applicants in San Diego increased the employment rate by 6 percentage points – from 55 to 61 percent – during the 15 months of follow-up. Average total earnings during the same period – including the earnings of those who did not work as well as those who did – went up by $700 per person in the experimental group, representing a 23 percent increase over a control group member's average earnings. Roughly half of the gains in earnings came about because more women worked, and half because they obtained longer-lasting jobs or jobs with better pay or longer hours. The employment gains persisted, although at a somewhat reduced level, throughout the almost one and one-half years of follow-up. In contrast, the program had minimal or no sustained employment effects on the primarily male group receiving AFDC-U assistance (not shown in Table 2).

As also indicated in Table 2, there were roughly similar employment gains in Arkansas, Maryland, and Virginia, although the states varied dramatically in the subgroups of the AFDC rolls that they chose to serve and in the average earnings of the control groups.[11]

The findings were quite different in West Virginia, where the relatively straightforward workfare program led to no increases in regular, unsubsidized employment. Although there are many possible explanations – including the design of the program or the characteristics of the women served – the most likely one was foreseen by the program's planners, who did not anticipate any employment gains. In a largely rural state with the nation's highest unemployment rate during part of the research period, a welfare employment initiative could provide a positive work experience without translating this into postprogram unsubsidized employment gains.

West Virginia's program is a useful reminder that there are two sides to the labor market. Welfare employment programs focus on the supply side. In extreme cases, when the demand is not there, the provision of work experience and a change in the terms of the welfare "bargain" may simply not be enough to affect employment levels. Welfare recipients can be encouraged or required to take regular jobs, but only if those jobs are available. The results to date suggest that demand constraints may be particularly acute in rural areas.[12]

The programs do not offer a cure for poverty or a shortcut to balancing the budget.

The second positive finding is that the programs also led to some welfare savings, although, compared with the effects on employment and earnings, the results were less consistent. Over an 18-month period in San Diego, average welfare payments per person in the experimental group were $288 below the average paid to members of the control group – a reduction in welfare outlays of almost 8 percent. Similar reductions occurred in Arkansas and Virginia, but not in Baltimore and West Virginia. There was no evidence, however, that the obligation to participate in a work program deterred people who had applied for welfare from completing the application process.

A third encouraging piece of information is that the programs were often most helpful for certain segments of the welfare caseload. For example, employment increases were usually greater for women receiving AFDC than for men in two-parent (AFDC-U) households and for those without prior employment compared with those with a recent work history. Although women and those without recent employment were still less likely to be working and more likely to be on welfare than their more advantaged counterparts, employment requirements and services helped narrow the gap.[13]

When benefits were compared with costs, results were generally positive. An examination of the programs' effects on the government budget shows, not surprisingly, that such initiatives cost money up front; but in general the investment pays off in future budget savings in five years or less. In San Diego, an average dollar spent on the program for AFDC women led to estimated budget savings over a five-year period of over $2. Programs in Arkansas and Virginia also had estimated budget savings, while Baltimore and West Virginia experienced some net costs.[14]

The research also offers some unusual findings about the distribution of benefits across federal, state, and

Table 2. Summary of the Impact of AFDC Work/Welfare Programs in San Diego, Baltimore, Arkansas, Virginia, and West Virginia

Outcome[1]	Experimentals	Controls	Difference	Decrease/ Increase
San Diego–Applicants				
Ever employed during 15 months	61.0%	55.4%	+5.6%***	+10%
Average total earnings during 15 months	$3,802	$3,102	+$700***	+23%
Ever received AFDC payments during 18 months	83.9%	84.3%	−0.4%	0%
Average number of months receiving AFDC payments during 18 months	8.13	8.61	−0.48*	− 6%
Average total AFDC payments received during 18 months	$3,409	$3,697	−$288**	− 8%
Baltimore–Applicants and Recipients				
Ever employed during 12 months	51.2%	44.2%	+7.0%***	+16%
Average total earnings during 12 months	$1,935	$1,759	+$176	+10%
Ever received AFDC payments during 15 months	94.9%	95.1%	−0.2%	0%
Average number of months receiving AFDC payments during 15 months	11.14	11.29	−0.15	− 1%
Average total AFDC payments received during 15 months	$3,058	$3,064	−$6	0%
Arkansas–Applicants and Recipients				
Ever employed during 6 months	18.8%	14.0%	+4.8%**	+34%
Average total earnings during 6 months	$291	$213	+$78*	+37%
Ever received AFDC payments during 9 months	72.8%	75.9%	−3.1%	− 4%
Average number of months receiving AFDC payments during 9 months	4.96	5.49	−0.53***	−10%
Average total AFDC payments received during 9 months	$772	$865	−$93***	−11%
Virginia–Applicants and Recipients				
Ever employed during 9 months	43.8%	40.5%	+3.3%*	+ 8%
Average total earnings during 9 months	$1,119	$1,038	+$81	+ 8%
Ever received AFDC payments during 12 months	86.0%	86.1%	−0.1%	0%
Average number of months receiving AFDC payments during 12 months	7.75	7.90	−0.14	− 2%
Average total AFDC payments received during 12 months	$1,923	$2,007	−$84**	− 4%
West Virginia–Applicants and Recipients				
Ever employed during 15 months	22.3%	22.7%	−0.4%	−2%
Average total earnings during 15 months	$713	$712	$0	0%
Ever received AFDC payments during 21 months	96.8%	96.0%	+0.8%	+1%
Average number of months receiving AFDC payments during 21 months	14.26	14.46	−0.21	−1%
Average total AFDC payments received during 21 months	$2,681	$2,721	−$40	−1%

Source: Final reports from programs in San Diego, Arkansas, Baltimore, Virginia, and West Virginia.

Notes: These data include zero values for sample members not employed and for sample members not receiving welfare payments. The estimates are regression adjusted, using ordinary least squares, controlling for prerandom assignment characteristics of sample members. There may be some discrepancies in calculating experimental-control differences due to rounding.
*Denotes statistical significance at the 10 percent level, **at the 5 percent level, and *** at the 1 percent level.

[1] The length of follow-up varied by outcome and state. Employment and earnings were measured by calendar quarters. To assure that preprogram earnings were excluded from the impact estimates, the follow-up period began after the quarter of random assignment. In contrast, AFDC benefits were tracked for quarters beginning with the actual month of random assignment. As a result, the follow-up period for AFDC benefits was at least three months longer than that for employment and earnings.

county budgets, a matter not often addressed in benefit-cost studies. In San Diego, where a detailed study was conducted, all three levels of government gained, based on the particular funding formula and matching arrangements that were in use. The federal government, however, bore more than half of the costs and enjoyed the greatest net savings. Indeed, had there been no federal funds – or had there been substantially less federal funding – states and counties would have had no financial incentive to run these programs.[15] The findings highlight the importance of continued federal support to encourage states to undertake welfare employment initiatives that may ultimately prove cost-effective to operate.

Another way to look at program benefits and costs is to examine them from the perspective of the groups targeted for participation – that is, those who might have earned more as a result of the program, but who also might have lost money because of reductions in welfare and other transfer payments, such as Medicaid and food stamps. In most cases, the AFDC women came out ahead, the exceptions being in Arkansas, a state with such low grants that almost any employment led to case closings, and in West Virginia, where there were no gains in earnings. For men on AFDC-U, the story was very different. There were overall losses, not gains, from the programs, as reductions in welfare and other transfer payments exceeded increases in earnings.

What about the empty side of the glass? In what way do the results suggest caution? It is important to note that, while the programs produced changes, the magnitude of those changes was relatively modest. Across states, increases in quarterly employment rates were between 3 and 9 percentage points, excluding West Virginia, where there were no employment gains. (Quarterly rates are not shown in Table 2.) Earnings increases in the four states ranged from $110 to $560 a year, and these figures include persons who failed to find employment and consequently had no earnings. Thus, while it is worthwhile to operate these programs, they will not move substantial numbers of people out of poverty.

Issues and Lessons

Results to date from the work/welfare study suggest a number of major lessons.

It is feasible, under certain conditions and on the scale at which the demonstration programs were implemented, to tie the receipt of welfare to participation obligations. Just as striking as the increases in participation these programs have achieved, however, is the nature of the obligation. In most cases, it has been confined to job search, with workfare used only in a limited way with a relatively small number of people. This is due, in part, to funding constraints and to the sequencing of job search before work experience. It is also true that, when more funds have been available, states often have chosen to enrich the range of options within the mandatory program rather than to impose a longer workfare requirement. The recent initiatives in California and Illinois include not only greater obligations but also an expanded array of services beyond job search and workfare, including education, preparation for employment, and training.

A number of quite different ways of structuring and targeting these programs will yield effective results. Overall, the results do not point to a uniform program structure that merits national replication. Instead, one of the notable characteristics of these state welfare initiatives has been their diversity – in populations served, local conditions, and program design. A key explanation for the successful implementation of these initiatives may indeed be that states were given an opportunity to experiment and felt more ownership in the programs than they did in the earlier WIN program, which was characterized by highly prescriptive central direction.

The findings suggest that, within a relatively short time, program savings often offset costs.

In cases in which states chose to operate mandatory workfare, the interim results do not support the strongest claims of critics or of advocates. Despite critics' fears, workfare as implemented in the 1980s has been designed more often to provide useful work experience than simply to enforce a *quid pro quo* – although both objectives may be present. As a result, the work positions quite often resemble quality PSE employment jobs, structured to meet public needs and to provide meaningful work experience. Under these conditions – when the jobs are considered worthwhile and the obligation is limited, as it is in most states – welfare recipients generally do not object to working for their grants.

At the same time, the interim findings fail to support the more extreme claims of workfare proponents. The work positions developed few new skills. While the San Diego findings provide some evidence that adding workfare after job search may increase a program's effectiveness, the West Virginia results are a cautious reminder that, at least in certain conditions, what is needed is not only a workfare position but also an accessible pool of regular jobs.[16] Furthermore, there was no evidence in San Diego that the work mandate, as it was administered, deterred individuals from completing their welfare applications or "smoked out" large numbers of AFDC women who held jobs with unreported income.

Thus, arguments for and against workfare – and more broadly defined participation obligations – may involve not so much a choice between those who want to reduce welfare costs and those who fear that the programs are coercive as an opportunity to change the values, politics, and perceived fairness of the welfare system. These issues remain prominent in state debates on policy options, in which questions of values are often as central as questions about likely savings. Some argue–as did the West Virginia welfare commissioner in 1982–that, even if workfare costs more to begin with, its design is preferable because it fits with the nation's values and improves the image of welfare. In contrast, others continue to emphasize that what is needed is not requirements but jobs, as well as investments in training, education, and child care that will help people find the kinds of work that confer economic security in the long run.

The programs led to relatively modest increases in employment, which in some cases translated into even smaller welfare savings. Nonetheless, the changes were usually large enough to justify the program's costs, although this finding varied by state and target group. For those accustomed to grandiose claims for social programs, the outcomes for these initiatives–as well as for other welfare employment programs–may look small. With gains that are not dramatic and only limited savings, the programs do not offer a cure for poverty or a shortcut to balancing the budget. This may prompt critics to reject these approaches, claiming that 3 to 9 percentage point gains in employment or 8 to 37 percent increases in earnings are unsatisfactory. There are, however, several reasons to conclude otherwise.

First, there is always a strong temptation to search for a simple solution to a complex problem. The welfare debate is filled with this kind of rhetoric. Now, faced with the reality of limited gains, it may be tempting to seek another "solution," for which there is no similar evidence. Yet, given the fact that reliable findings on the effects of social policies are rare, the striking feature of these programs is their consistently positive outcomes in a wide range of environments, with the sole exception of the very unusual circumstances in West Virginia. There is no comparable evidence on an alternative strategy.

Second, since the study measured changes for samples that were representative of large groups in the welfare caseload, results in the range of 5 percentage points take on added importance. The outcomes are also expressed as averages for a wide range of individuals, some of whom gained little or nothing from the program–including those who never received any services–and others who gained more. Thus, even relatively small changes, multiplied by large numbers of people, have considerable policy significance.

Third, the lessons from the demonstrations suggest ways to make these programs more effective and provide evidence that some groups–those without recent work histories, for example–benefit substantially more than others.[17]

Fourth, it is possible that the short-term effects may underestimate the longer-term gains, especially if attitudes toward AFDC shift as the concept of reciprocal obligation becomes more accepted. (There is also evidence, however, that in some cases effects that are initially positive may diminish over time.)

Finally, the benefit-cost findings suggest that, within a relatively short time, program savings often offset costs, a balance that represents about as much as any social program has been able to achieve. While previous smaller-scale tests of special programs have produced cost-effective results, this study provides the first solid evidence of such outcomes in a major ongoing service-delivery system. The ability to effect change on a large scale is an important new achievement.

Unanswered Questions

While these state initiatives provide a wealth of information about the implementation and effectiveness of alternative proposals for reforming welfare with work, they leave unanswered a number of questions about the design and scale of the programs.

The results summarized in this article are for programs that have participation obligations of limited intensity, cost, or duration. They primarily required job search and short-term work experience. One unanswered question is whether more costly, comprehensive programs–providing either more services or longer obligations–would have greater effects.

Several states–such as California in the greater avenues for independence (GAIN) legislation and Massachusetts in the employment and training (ET) choices program–are using or plan to provide more intensive services or requirements, including educational remediation and training, and to complement these with extensive child-care services. Another more intensive approach is supported work, a program offering paid transitional work experience under conditions of close supervision, peer support, and generally increasing responsibilities.[18] Supported work was tested as a voluntary program and found effective for women with histories of long-term welfare dependency. While the incremental return to larger investments is not clear, the persistence of dependency for many, even after job search or short-term workfare, provides a rationale for states to offer more intensive services, while evaluating them to see whether they lead to long-term rewards.

A second open question concerns the broader implications of an ongoing participation requirement on family formation, the well-being of children, and attitudes toward work. It is important to note that child care was not a major issue in these programs, since their requirements were mostly short-term and limited mainly to women with school-age children. The availability and quality of child care would be much more important, however, if either of these conditions changed or if the programs made even larger differences in the rate at which women moved out of the home and into permanent jobs.

A third unanswered question is whether relatively low-cost mandatory programs will prove effective for the most disadvantaged groups of welfare recipients, those facing major barriers to employment such as substantial language problems or educational deficiencies. While there is evidence that the programs have a stronger impact on recipients who have some obstacles to employment – as opposed to the more job ready, who will find employment on their own – more study is required to determine whether there is a threshold below which more intensive effort is needed.[29] A fourth unanswered question concerns the feasibility of operating larger-scale universal programs and whether they would have the same results. While the pre-1980 work mandates often foundered on legal, political, and bureaucratic obstacles, the more recent large-scale initiatives in the MDRC study were implemented more smoothly.[30] It is not clear, however, whether work programs can be extended to an even greater share of the AFDC caseload – including the majority of AFDC women with younger children – without compromising quality, encountering political or administrative resistance, or raising broader issues like that of whether welfare recipients would displace regular workers either during or after the program.[31]

Also, as the West Virginia findings suggest, in rural areas with very weak economic conditions, workfare serves as a jobs program, not as a transition to unsubsidized employment. A major unanswered question involves the precise relationship between the effectiveness of programs and economic conditions and whether this relationship is affected by the scale of the program.

In addition, all of these results refer to a relatively short-term follow-up. Whether these results persist, increase, or diminish is important in judging the potential of the work/welfare approach.

Finally, while there is substantial information on the effectiveness of these programs, it remains unclear whether the achievements come from the services provided or the mandatory aspect of the programs.[32] Although the distinction between mandatory and voluntary programs is sometimes not as great as one might think – since most nominally mandatory programs seek voluntary compliance and involvement – some differences exist and their importance remains uncertain.

At the outset, this article outlined the multiple goals of welfare policy and the continuing search for a balance that might more successfully provide income without distorting incentives for work and family formation. MDRC's five-year experiment testing limited work requirements has provided some new evidence to inform this debate. As expected, the lessons are complex.

The continuing interest in work solutions – even in states with very weak labor markets – is testimony to the important political and value issues inherent in the debate. Issues of equity, concerns about a system that may send the wrong signals or encourage long-term dependency, the stigma associated with public assistance, and the widespread unpopularity of the welfare system – all of these have pushed states to add some type of an obligation to AFDC. The interest in such programs, however, continues to be tempered by funding constraints and an understandable unwillingness to set up programs that stress obligations at the expense of providing opportunities that help people move off the rolls or assuring the well-being of children.

The claims of both critics and advocates contain a measure of truth.

The results of recent research suggest that introducing a stronger work emphasis into the AFDC program ultimately will not cost but save money – although it will cost money in the short run. Thus, the claims of both critics and advocates that were described earlier contain a measure of truth. In the past, social programs have been oversold and then discredited when they failed to cure problems. In contrast, these findings provide a timely warning that while welfare employment initiatives can provide meaningful improvement, they are no panacea. The extent of the changes, however, suggests that the major arguments may continue to be around politics and values, as well as around different ways to increase the programs' effectiveness.

The modest nature of the improvements also indicates that welfare employment obligations can be only part of a "solution" to poverty. Other reforms – for example, changes in the tax laws and expansion of the earned income tax credit to increase the rewards for work, educational reforms, training and retraining, increased child-support enforcement efforts, and job creation programs – are important complements if welfare is not only to be made more politically acceptable, but also to succeed in substantially reducing poverty.

The fact that there is support for work programs – within both the general public and the welfare population – argues for a welfare reform approach that promotes and also rewards work activity. Workfare, narrowly defined, does the former; but, to the extent that it does not deter dependency or assist many people off the welfare rolls, it may not provide enough added income to adequately combat dependency. What this suggests is that there be both requirements within the welfare system and added opportunities and rewards for leaving welfare. Sticks may be a part of the solution, but carrots are also merited, if work is to be more an alternative to than a punishment for being poor. *PW*

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For "Notes and References," see page 46.

NOTES & REFERENCES

NORTH
AFDC Goes to College

1. Although there has been no thorough study of the numbers of colleges with unoccupied dorm space, the situation seems to be that state colleges and "status" private colleges are full and expanding their dormitory facilities, responding to a recent tendency among 18-24-year-olds to prefer campus housing to an off-campus apartment. It is the smaller, less known private colleges that are hurting from the buyer's market in residential education.

2. In October 1986, however, the Higher Education Act Amendments of 1986 liberalized food stamp eligibility for students.

3. Paolo Freire, *Pedagogy of the Oppressed* (New York: Continuum, 1970).

REISCHAUER
America's Underclass

1. Patricia Ruggles and William P. Marton, "Measuring the Size and Characteristics of the Underclass: How Much Do We Know?" (Washington, D.C.: The Urban Institute, 1986).

2. Richard P. Nathan, "The Underclass—Will It Always Be With Us?", a paper prepared for a symposium at the New School for Social Research, November 15, 1985.

3. Errol R. Ricketts and Isabel Sawhill, "Defining and Measuring the Underclass," a paper presented at the American Economic Association meetings, December 1986. The Urban Institute.

GUERON
Welfare to Work

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1. The research for the study of state work/welfare initiatives has been supported by the Ford, Winthrop Rockefeller, and Claude Worthington Benedum foundations; the Congressional Research Service of the Library of Congress; and the states of Arizona, Arkansas, California, Florida, Illinois, Maine, Maryland, New Jersey, Texas, Virginia, and West Virginia. The research and conclusions reached by the author, however, do not necessarily reflect the official positions of the funders.

2. That is, the findings showed that the impact of changing the AFDC income floor and tax rate for persons currently eligible was relatively small, but the impact on the number eligible for assistance was large. As a result, work reductions—which were modest for the current caseload—could become larger when combined with the work reductions of persons newly eligible. Moreover, a substantial share of the additional cost of extending AFDC to two-parent households would simply go to replacing reduced earnings rather than raising income.

3. Both plans are sometimes called two-track approaches, since AFDC recipients would be divided into those required to work (for example, women with children six years and over) and those not expected to work (for example, women with responsibilities for young children).

4. See, for example, the discussion in Joanna Gould-Stuart, *Welfare Women in A Group Job Search Program: Their Experiences in Louisville's WIN Research Laboratory Project* (New York: Manpower Research Demonstration Corporation, 1982).

5. For a more detailed discussion of the design of the study and the interim findings, see Judith Gueron, *Work Initiatives for Welfare Recipients: Lessons From a Multi-State Experiment* (New York: Manpower Demonstration Research Corporation, 1986).

6. In Table 1, "AFDC" refers to welfare cases that are usually headed by a single parent, primarily a woman; "AFDC-U" refers to cases headed by two parents (with the principal earner unemployed) and where the targeted participant is usually male. All AFDC-U case heads are required to register with the WIN program (that is, are "WIN-mandatory"), as are most AFDC case heads with children at least six years old. "Applicants" are individuals who were studied from the time at which they applied for welfare, and some of whom subsequently became welfare recipients (but continue to be called applicants in this study). "Recipients" are individuals who were receiving welfare benefits when the study began. (In some states, the study was limited to those recipients who had just become WIN-mandatory; in other cases the program covered the full range of recipients.)

7. The final reports now available are: Daniel Friedlander, Gregory Hoerz, Janet Quint, and James Riccio, with Barbara Goldman, Judith Gueron, and David Long, *Arkansas: Final Report on the WORK Program in Two Counties* (New York: Manpower Demonstration Research Corporation, 1985); Daniel Friedlander, Gregory Hoerz, David Long, and Janet Quint, with Barbara Goldman and Judith Gueron, *Maryland: Final Report on the Employment Initiatives Evaluation* (New York: Manpower Demonstration Research Corporation, 1985); Daniel Friedlander, Marjorie Erickson, Gayle Hamilton, and Virginia Knox, with Barbara Goldman, Judith Gueron, and David Long, *West Virginia: Final Report on the Community Work Experience Demonstrations* (New York: Manpower Demonstration Research Corporation, 1986); Barbara Goldman, Daniel Friedlander, and David Long, with Marjorie Erickson and Judith Gueron, *Final Report on the San Diego Job Search and Work Experience Demonstration* (New York: Manpower Demonstration Research Corporation, 1986); and James Riccio, George Cave, Stephen Freedman, and Marilyn Price, with Daniel Friedlander, Barbara Goldman, Judith Gueron, and David Long, *Final Report on the Virginia Employment Services Program* (New York: Manpower Demonstration Research Corporation, 1986). Interim findings from the studies are included in the following reports: Patricia Auspos, with Joseph Ball, Barbara Goldman, and Judith Gueron, *Maine: Interim Findings From a Grant Diversion Program* (New York: Manpower Demonstration Research Corporation, 1985); Joseph Ball, with Gayle Hamilton, Gregory Hoerz, Barbara Goldman, and Judith Gueron, *West Virginia: Interim Findings on the Community Work Experience Demonstrations* (New York: Manpower Demonstration Research Corporation, 1984); Barbara Goldman, Judith Gueron, Joseph Ball, and Marilyn Price, with Daniel Friedlander and Gayle Hamilton, *Preliminary Findings From the San Diego Job Search and Work Experience Demonstration* (New York: Manpower Demonstration Research Corporation, 1984); Barbara Goldman, Daniel Friedlander, Judith Gueron, and David Long, with Gayle Hamilton and Gregory Hoerz, *Findings From the San Diego Job Search and Work Experience Demonstration* (New York: Manpower Demonstration Research Corporation, 1985); Manpower Demonstration Research Corporation, *Baseline Paper on the Evaluation of the WIN Demonstration Program in Cook County, Illinois* (New York: Manpower Demonstration Research Corporation, 1985); Marilyn Price, with Joseph Ball, Barbara Goldman, David Gruber, Judith Gueron, and Gayle Hamilton, *Interim Findings From the Virginia Employment Services Program* (New York: Manpower Demonstration Research Corporation, 1985); Janet Quint, with Barbara Goldman and Judith Gueron, *Interim Findings From the Arkansas WIN Demonstration Program* (New York: Manpower Demonstration Research Corporation, 1984); Janet Quint, with Joseph Ball, Barbara Goldman, Judith Gueron, and Gayle Hamilton, *Interim Findings From the Maryland Employment Initiatives Programs* (New York: Manpower Demonstration Research Corporation, 1984); and Janet Quint and Cynthia Guy, with Gregory Hoerz, Gayle Hamilton, Joseph Ball, Barbara Goldman, and Judith Gueron, *Interim Findings From the Illinois WIN Demonstration Program in Cook County* (New York: Manpower Demonstration Research Corporation, 1986). In a number of these states, data are currently being collected that will extend the followup for a longer period of time.

8. The same survey was recently conducted with participants and supervisors in

NOTES & REFERENCES

New York City's workfare program. While in general these results were similar to those in the other six states, it appears that participants in New York City, Chicago, and Baltimore shared less favorable views about mandatory work obligations than those in the other areas. Nevertheless, the majority of participants in these cities perceived these obligations as being fair. See Gregory Hoerz and Karla Hanson, "A Survey of Participants and Worksite Supervisors in the New York City Work Experience Program" (New York: Manpower Research Demonstration Corporation, 1986).

9. Mary Jo Bane and David T. Ellwood, *The Dynamics of Dependence: The Routes to Self-Sufficiency* (Cambridge, Mass.: Urban Systems Research and Engineering, 1983); and David T. Ellwood, *Targeting "Would-Be" Long-Term Recipients of AFDC* (Princeton, N.J.: Mathematica Policy Research, 1986).

10. People were assigned to the experimental or control groups when they applied for welfare, were required to register with the WIN program, or had their WIN status reviewed. As discussed above, not all experimentals actually participated in program activities or (if they were new applicants) received welfare payments. In addition, while controls could not receive special program services, they were eligible for other employment and training services in the community and sometimes for regular WIN services. For a further explanation of cross-state differences in sample composition, control services, or experimental participation patterns, see the detailed final reports on each state.

11. In Maryland, the length of followup was notably short, given the longer duration of program services for some participants. To ensure that the study did not mistake the program's accomplishments, additional work is now under way to determine whether the measured impacts increase or diminish over a longer period.

12. The Virginia and Arkansas studies also showed lower or no employment gains in rural, as compared with urban, areas. See James Riccio et al, *Final Report on the Virginia Employment Services Program*; and Daniel Friedlander et al, *Arkansas: Final Report on the Employment Initiatives Evaluation*.

13. A preliminary study suggests that this pattern of differences is not as clear for long-term recipients. See Daniel Friedlander and David Long, "A Study of Performance Measures and Subgroup Impacts in Three Welfare Employment Programs" (New York: Manpower Demonstration Research Corporation, 1987).

14. As indicated in footnote 11, the Baltimore results may change when data become available covering a longer follow-up period.

15. For San Diego, the benefit-cost analysis showed that the benefits to the state and county exceeded their costs by $314 per experimental. For the federal government, the comparable net benefit was $676 per experimental. Total costs were estimated at $636 per experimental, of which the federal government paid $443 or 70 percent and the state and county paid $193 or 30 percent. If most of the federal costs had been shifted to the state and county, their overall costs would have exceeded their share of program benefits, eliminating any incentive to operate the program. See Barbara Goldman, et al, *Final Report on the San Diego Job Search and Work Experience Demonstration*, and unpublished data.

16. One unusual feature of the San Diego study was the simultaneous random assignment of AFDC applicants to a control group and to two experimental treatments: job search alone and job search followed by short-term workfare. The results showed that job search alone also had positive impacts (that is, employment gains and welfare savings), but the findings were less consistent and the gains in earnings smaller than for the combined program.

This suggests that, under certain circumstances, employment impacts may be greater if individuals who do not find employment in job search workshops are required to meet a short-term work obligation. For further discussion of the findings for the programs in San Diego and West Virginia, see Barbara Goldman et al, *Final Report on the San Diego Job Search and Work Experience Demonstration*, and Daniel Friedlander, et al, *West Virginia: Final Report on the Community Work Experience Demonstrations*.

17. In addition, data on changes in the distribution of income provide some tentative information on possible ways to improve such programs in the future. For example, the Baltimore initiative (a relatively more intensive program with not only job search, but also work experience, education, and training) was more likely to move some individuals into higher categories of earnings (that is, earnings above a full-time, minimum-wage job) than the Arkansas program (a very low-cost version of job search).

Other results suggest that the level of welfare grants is also important, since in states with high grants, employment increases more often resulted in net gains in total income (that is, earnings plus welfare payments). See Daniel Friedlander et al, *Maryland: Final Report on the Employment Initiatives Evaluation*; Daniel Friedlander et al, *Arkansas: Final Report on the WORK Program in Two Counties*; and Barbara Goldman, et al, *Final Report on the San Diego Job Search and Work Experience Demonstration*.

18. Manpower Demonstration Research Corporation, *Summary and Findings of the National Supported Work Demonstration* (New York: Manpower Demonstration Research Corporation, 1980).

19. See Daniel Friedlander and David Long, "A Study of Performance Measures and Subgroup Impacts in Three Welfare Employment Programs."

20. See Judith Gueron and Richard Nathan, "The MDRC Work/Welfare Project: Objectives, Status, Significance," *Policy Studies Review* (1985) 4:417-432.

21. A study of another type of job guarantee – paid work experience for youths as opposed to unpaid workfare for welfare recipients – suggested a possible trade-off between job quality and displacement. See Joseph Ball and Carl Wolfhagen, with David Gerould and Loren Solnick, *The Participation of Private Businesses as Work Sponsors in the Youth Entitlement Demonstration* (New York: Manpower Demonstration Research Corporation, 1981).

22. Other studies, not reported in this article, for example, show that voluntary job search and work experience programs also are effective for AFDC women. See Manpower Demonstration Research Corporation, *Summary and Findings of the National Supported Work Demonstration*; and Carl Wolfhagen, with Barbara Goldman, *Job Search Strategies: Lessons from the Louisville WIN Laboratory Project* (New York: Manpower Demonstration Research Corporation, 1983).

SHOSTACK
Financing Group Homes

The authors wish to thank Mr. Robert Nicholas, acting deputy commissioner of the New Jersey Department of Human Services and Dr. Jack Breakstone, coordinator of the New Jersey Association of Children's Residential Facilities for their helpful suggestions.

1. See Margaret V. Simone, "Group Home Failures in Juvenile Justice: The Next Step," *Child Welfare* (1985) 64:357-366.

2. For more information on this topic, see the following: Child Welfare League, Office of Regional, Provincial, and State Child Care Associations, newsletters (September and October, 1980); Neil A. Cohen, "Quality of Care for Youths in Group Homes," *Child Welfare* (1986) 65:481-493; Department of Human Services, Contract Reimbursement Manual (State of New Jersey, 1983); Department of Human Services, Contract Policy and Information Manual (State of New Jersey, 1983); Division of Youth and Family Services, Monthly Residential Census Reports (State of New Jersey, 1976-82); Wayne A. Leeman, "Third-Party Purchase of Voluntary Agency Services," *Child Welfare* (1978) 57:497-506; Albert L. Shostack, *The Experience of Group Homes in New Jersey* (Trenton, N.J.: unpublished, 1977); Albert L. Shostack, *Group Homes for Teenagers: A Practical Guide* (New York, N.Y.: Human Sciences Press, 1987); Walter Wechsler, Report by Special Agent of the Governor, Vol. 1: Management Summary (State of New Jersey, 1976); and Ruth M. Werner, *Public Financing of Voluntary Foster Care: 1975 Compared with 1957* (New York, N.Y.: Child Welfare League of America, 1976).

STATEMENT OF SENATOR JOHN HEINZ
HEARING ON WELFARE REFORM
COMMITTEE ON FINANCE
OCTOBER 14, 1987

MR. CHAIRMAN, I AM PLEASED THAT THE COMMITTEE HAS CALLED THIS HEARING ON WELFARE REFORM. WE WILL HEAR TESTIMONY FROM MANY COLLEAGUES IN THE CONGRESS AND LEADERS AMONG OUR NATION'S GOVERNORS. I WELCOME THE OPPORTUNITY TO LEARN THE VIEWS OF OUR DISTINGUISHED WITNESSES.

BOTH FEDERAL AND STATE GOVERNMENTS SHARE A COMMON GOAL TO PROMOTE INDEPENDENCE FROM WELFARE. OUR DISCUSSIONS TODAY WILL BE USEFUL AS WE CONSIDER PROPOSALS TO MAKE WELFARE WORK.

TODAY'S WELFARE REFORM AGENDA INCLUDES STRENGTHENING CHILD SUPPORT ENFORCEMENT AND ENSURING THAT STATES FOLLOW-UP ON THE SIXTY PERCENT OF CHILD SUPPORT AWARDS WHICH ARE NEVER PAID. IT INCLUDES THE QUESTION OF WORK PROGRAMS, EDUCATION, AND JOB TRAINING FOR WELFARE RECIPIENTS, AS WELL AS METHODS TO MAKE THE TRANSITION FROM DEPENDENCE TO INDEPENDENCE EASIER AND SMOOTHER.

IN THE FUTURE, THERE WILL BE FEWER JOBS FOR THOSE WITH THE LOWEST LEVELS OF SKILLS. ACCORDING TO THE HUDSON INSTITUTE, ONLY FOUR PERCENT OF NEW JOBS WILL BE AVAILABLE TO INDIVIDUALS WITH THE LOWEST SKILL LEVELS, COMPARED TO NINE PERCENT TODAY. AT THE SAME TIME, 41 PERCENT OF FUTURE NEW JOBS WILL REQUIRE SKILLS OF THE HIGHEST LEVELS, COMPARED WITH ONLY 24 PERCENT TODAY.

IF WE ARE TO MEET THE CHALLENGE OF THE FUTURE MARKETPLACE, WE MUST INCREASINGLY FOCUS ON JOB TRAINING. THIS COMMITTEE HAS JURISDICTION OVER THE MAJOR FEDERAL PROGRAM FOR WELFARE WORK AND TRAINING -- THE WIN DEMONSTRATION PROGRAM. CURRENTLY TWENTY-SIX STATES ARE OPERATING WIN DEMONSTRATION PROGRAMS. PROGRAM AUTHORITY FOR WIN DEMONSTRATIONS WILL EXPIRE IN JUNE OF NEXT YEAR. BEFORE THAT TIME WE WILL CONSIDER A SUCCESSOR TO WIN DEMO. THE NEW WORK AND TRAINING PROGRAM SHOULD BEAR IN MIND THE DANGEROUS TRENDS WE FACE IN OUR WORKFORCE.

I WELCOME THE OPPORTUNITY FOR A FULL AND CAREFUL CONSIDERATION OF WELFARE REFORM AS MEMBERS OF THE COMMITTEE WORK TOGETHER TO CONSTRUCT A BIPARTISAN APPROACH TO MAKE WELFARE WORK.

THANK YOU MR. CHAIRMAN

PREPARED STATEMENT OF STEPHEN B. HEINTZ

Thank you, Mr. Chairman. I am Stephen Heintz, commissioner of the Connecticut Department of Income Maintenance and chairman of the American Public Welfare Association's welfare reform project. I am here today to represent the views of my fellow commissioners on welfare reform legislation before this panel, and specifically on S. 1511, Senator Moynihan's Family Security Act of 1987.

Appended to my written testimony are a summary of the commissioners' recommendations for comprehensive welfare reform and a resolution adopted by the state administrators on September 16 regarding H.R. 1720 and S. 1511.

S. 1511

As the resolution states, commissioners are pleased that S. 1511 places such heavy emphasis on child support enforcement. We believe, with Senator Moynihan, that parental support is the first line of defense against public dependency. We believe that aggressive child support enforcement, including paternity determinations, accomplishes more than recouping financial support. It makes a statement about what we believe to be the role of parents. Parents *should* provide for their children and public policy should encourage and obligate parents to provide that support.

State commissioners applaud the coverage of two-parent families, as our resolution indicates. In 24 states children living in such families cannot receive AFDC no matter how poor they are--unless one parent leaves the home. It makes no sense to continue penalizing these children. As Stuart Butler and Anna Kondratas write in their recent book, *Out of the Poverty Trap: A Conservative Strategy For Welfare Reform*, "it would be a wise exercise in prevention for all states to provide that assistance to help intact families on hard times, rather than restrict their assistance only to families that have already collapsed."

We welcome the very deliberate efforts Senator Moynihan has made to ensure that this legislation is bipartisan. Poverty is not a partisan issue; policies serving children ought not to be partisan. Our own policy development project which produced the report, *One Child in Four,* with which some of you are familiar, has been bipartisan and widely representative of all the states. We understand both the difficulty and the importance of achieving bipartisanship. We commend this committee, and you, Chairman Bentsen, for maintaining a strong tradition of bipartisanship.

With regard to some of the other specifics contained in S. 1511, we as state administrators find ourselves in a difficult position today. My colleagues and I have worked very hard over the last two years on policy proposals to improve the lives of poor children and families. We have been gratified to see some of our recommendations reflected in proposed legislation.

But we get very quickly to a question Senator Moynihan has posed in defending his bill against criticism that it does not go far enough: should the best become the enemy of the good? We think it should not. But we must all be very deliberate in defining what we mean by "good."

The bottom line for administrators, as reflected in our resolution, is this: we support legislation that improves the lives of poor children and families. That is the criteria to which we will hold any legislation.

We believe welfare reform legislation reported by this committee must:

- Reflect a comprehensive approach to self-sufficiency.

- Include benefit improvements.
- Improve the administration and delivery of welfare services.

Commisioners believe S. 1511 can be measurably strengthened in all three of these areas. And we are not talking about busting any budgets. Each of us, every year, has to sell a budget to our own state legislators. We understand fiscal constraint. We also understand the art of the possible. The changes we urge you to make to strengthen S. 1511 are limited, practical, and based on our own experience in terms of what works, and what does not.

Job Opportunities and Basic Skills (JOBS)

Our report, the report of the nation's governors, a report prepared by Governor Cuomo's task force, and others, stressed the idea of a social contract; of mutual obligations between individuals and society. In the context of the welfare system that means mutual obligations between poor parents and government represented by our agencies. We believe this is a constructive context, and a practical approach.

But if we are going to say that work, or education and training for a job, is mandatory for parents, including single mothers with young children -- and we favor that approach -- then we must pay close attention to government's side of that agreement; to government's obligations to that poor parent.

The welfare to work program, or JOBS program in S. 1511, must be comprehensive. As it now stands the JOBS program implemented by a state could be as minimal an approach as simple job search. That accomplishes nothing for the client who cannot read; the client who has difficulty with English; the client who has never been employed.

Mr. Chairman, we need to strike a balance in a welfare-to-work program so that there is enough flexibility for a state to design a program to mesh with its own economic needs, and yet obligate that state to meet clients where they are -- whether they need remedial education, basic skills, or on-the-job training.

In S. 1511 a state "may" include a full range of activities in its JOBS program. **We believe a full range of activities should be required in the state's JOBS program.** This is also the position of the governors as shared with you two weeks ago.

The JOBS proposal builds upon the considerable success states have had in the work incentive (WIN) demonstration programs in recent years. Twenty-six states have WIN demonstrations in place whose success in assisting welfare recipients find nonsubsidized jobs has been amply documented. Had federal support for this program been maintained rather than drastically cut in recent years, their success would be all the more impressive.

The last available data from the Labor Department showed better than a two-for-one savings from WIN activities --$587 million in AFDC savings from a $259 million investment in WIN in FY 84.

Guaranteed Support Services

In addition to a *comprehensive* welfare-to-work program, the agency side of the agreement must also include the services a parent will need in order to take part in the program. To require parents to participate obligates the agency to see that certain essential support services, including child care, are provided. Recent research, program evaluations, and our own experience prove the necessity of support services.

Support services, including child care, must be guaranteed if we are mandating work or work activities of program participants. As it now reads, S. 1511 would "assure" child care for parents participating in the JOBS program and in transition to employment. We have been told that "assure" is a deliberate choice of words and cannot be interpreted to mean "guarantee."

The "assure" provision is meant to place less responsibility on the state to ensure child care as a condition for mandatory participation. Apparently this provision would allow a state to simply determine that child care is available to the recipient because there is a relative nearby, or an existing child care program, and not guarantee that quality care is in fact available, accessible, and affordable.

Let me share with you the response of one of my colleagues. He described how a state could implement "assured" child care. The caseworker, after giving the parent instructions on where to report for job training, would also give the parent a list of day care centers in the community. And that would be that. The state would have complied with the provision as now contained in S. 1511. The parent, however, unable to arrange satisfactory care because what is available is too costly or of questionable quality, could be sanctioned for failing to report for work.

We believe the "assurance" of child care is not a sufficiently serious approach to the needs of parents with limited resources and experience. Without guaranteed support services mandatory participation becomes an exercise in futility leading to termination of benefits and further hardship on children and the family.

We recommend a one word change in S. 1511. Child care should be guaranteed, and not merely "assured."

Client-Agency Agreements & Case Management

As noted above, in formulating our own proposals, human service commissioners viewed welfare in the context of mutual rights and obligations of society and its citizens. We believe these mutual obligations are best expressed in the form of a client-agency agreement, and a case management approach to service delivery.

We believe the first step toward self-sufficiency must be a needs assessment by the client and agency, taking into account the educational level, skills, employability, and need for support services of the participant. The family's circumstances--their resources and needs, and particularly the childrens' needs--are part of this assessment.

The product of the assessment would be a family support plan setting out the mutual obligations of the client and the agency--activities on the part of the client; services and benefits provided by the agency--with independence as the goal.

Although S. 1511 requires the state, in the JOBS program, to make an initial assessment of the family's circumstances, it merely *allows* and does not *require* the state and participant to develop a family support plan and enter into a client-agency agreement, using case management services to ensure that the plan is put into effect.

State commissioners recommend that client-agency agreements and case management services be mandatory elements in state welfare to work programs. With the two management tools as part of national policy, the specific design of the agreement and method states use to deliver case management services would be left to individual states. This is also the position of the nation's governors as contained in their policy adopted in February, and as restated here two weeks ago by Governor Clinton.

The Family Living Standard

We all know that welfare benefits are insufficient to meet the needs of families. We all know the current benefit system is cumbersome, out of date, and does not necessarily reflect actual *need*.

Senator Moynihan has said, eloquently and repeatedly, that AFDC benefits have dropped in value by one third since 1970. He points out that all of our other cash assistance programs have been indexed and have kept pace with inflation. Only the program for children has lagged behind. He notes that, and here I quote, "$88 a month is not enough to provide for two people who are alive and well in Alabama."

Not only are benefits not adequate. They are not rational. In our deliberations we gave long and hard thought to a national minimum benefit level, and finally rejected the idea, based on a pragmatic assessment of how best to meet conflicting needs.

Supporters of a minimum benefit approach understand levels are too low in too many states. But we also know that it takes more to live in some parts of this country than in others. The cost of living is not uniform, not even within a single state. A national minimum that enables a family to live in a rural neighborhood in Tennessee would simply not meet the needs of a family living in downtown Hartford.

What we proposed, and the governors proposed as well, was a nationally-mandated, but state-specific, *family living standard* designed to reflect real local living costs. It would replace AFDC, food stamp and low-income home energy assistance payments for families with children. The array of goods and services required to live decently would be set in federal law and regulation. Each state would then cost out its family living standard. Once a family's resources--child support, wages, stipends, and so on--are taken into account, cash assistance would represent the difference between resources and the state's living standard.

This approach mirrors the tack taken by Senator Moynihan in that cash assistance is a last resort, making up the gap between a family's own resources and what it takes to live in a specific area. The family living standard proposal is based on the principle that those who work should always benefit from their efforts. State commissioners, acknowledging limits on fiscal capacity, recommend phasing the new system in over 10 years.

The House welfare reform bill, H.R. 1720, calls for a 2-year study of the family living standard approach to be conducted by the National Academy of Science. I know that Senators Mikulski and Evans, and Governor Clinton, recommended that such a study be included in S. 1511.

Mr. Chairman, Senator Moynihan, if in 1987 we must put off a fair and rational system of cash assistance for poor families, that is a political judgment. And it is your judgment to make.

If that is your judgment--and we hope it is not--we urge you, at the very least, to amend S. 1511 to mandate a study of the family living standard. We must work together to put into effect what we all know is needed: a system of assistance that assures poor families the stable economic base they need while they move toward economic independence.

If you do not address the question of benefits, even in such a minimal way as a study, we have a very real fear that you will not revisit this issue in the near future. The "window of opportunity" may close for another decade as was the case over the last 10 years. If the 100th Congress passes something like the Family Security Act as introduced, there will be strong tendency to assure ourselves that, yes, we have "reformed" welfare. *But we will not have done so.*

Children and Poverty

APWA began its policy development project focusing on the fact that one child in four is born into poverty in America today. For us, that focus remains. And it leads us into areas well beyond what is commonly understood to constitute the welfare system. We will not truly "reform" welfare until there is action in many other "systems," starting with the public school system.

If parental support is the first defense against dependency, an education must be considered the second line of defense. The governors, the Committee for Economic Development, our colleagues among the chief state school officers, all recognize steps must be taken to improve the education of at-risk youth.

The health care system is another major influence on who is dependent; who enters the welfare system. Thirty-seven million Americans are uninsured, many of them children in low-income families.

Commissioners need to work in concert with our colleagues in economic development so that state economic development plans include the development of *human* capital.

We have to come up with a national housing policy to meet the needs of the poor and the homeless.

True, comprehensive welfare reform includes reforms in many other areas. Commissioners are committed to working with our counterparts in these other "systems" and we hope you will work with your colleagues on other Senate committees to produce a national strategy to meet the needs of poor children and families -- to produce policies that strengthen families and promote their self-sufficiency and not merely maintain them in poverty from one generation to another.

I have three purposes here today. First, to ask you to join with your colleagues across jurisdictional and political lines to address the needs of poor children in this comprehensive manner. Chairman Bentsen, I hope your proposal for a national commission on children will do just that.

Second, to ask you to keep in mind the steps that must be taken to truly reform, or as Senator Moynihan says, "replace" the welfare system.

And third, to ask you to strengthen the legislative vehicle now before you, as a first step in a long road to better lives for our children.

We would be happy to provide legislative language to reflect the amendments we recommend. Thank you Mr. Chairman. Commissioners are prepared and would welcome any opportunity to be of assistance to you, your colleagues, and your staff, as you consider this legislation.

Attachment #1

SUMMARY OF COMPREHENSIVE WELFARE REFORM PROPOSALS MADE BY THE AMERICAN PUBLIC WELFARE ASSOCIATION'S NATIONAL COUNCIL OF STATE HUMAN SERVICE ADMINISTRATORS, November, 1986. Contained in the report, "ONE CHILD IN FOUR."

- A CLIENT-AGENCY CONTRACT UPON WHICH ELIGIBILITY FOR BENEFITS WOULD BE BASED. THE CONTRACT WOULD REQUIRE ACTIONS BY CLIENTS AND SERVICES FROM AGENCIES ENCOMPASSING EDUCATION, EMPLOYMENT, AND STRENGTHENED FAMILY LIFE. WORK OR EDUCATION TOWARD EMPLOYMENT WOULD BE REQUIRED OF parents of children over age 3; work-related or other part-time, out-of-home activity would be required of other parents. This is the means by which a maintenance system can be retooled to become a self-sufficiency system for people in need.

- Aggressive enforcement of child support laws including paternity determination, viewed as a responsibility of both individuals and human service agencies.

- A comprehensive welfare-to-jobs program in each state to provide the services necessary for families to move from welfare to self-sufficiency. This includes a strong connection between economic development and human development so that jobs are available for those now dependent on welfare.

- Increased availability of affordable, quality child care to meet children's development needs and support families working toward self-sufficiency.

- The creation of a Family Living Standard that would ensure a stable economic base as families work toward achieving independence. The Family Living Standard would replace benefits to families with children under the Aid to Families with Dependent Children, Food Stamp, and Low-Income Home Energy Assistance programs. The "FLS" would build in strong work incentives including a 25% earned income disregard. It would also disregard any amount received as an earned income tax credit. It would be based upon a national methodology, but applied in each state to reflect actual living costs in a given area.

- CASE MANAGEMENT IN OUR SERVICE AGENCIES TO HELP FAMILIES ASSESS THEIR TOTAL NEEDS AND RESOURCES, TO IMPLEMENT AND MONITOR THE CONTRACT, AND COORDINATE ACCESS TO NEEDED SERVICES FROM MULTIPLE AGENCIES.

Attachment #2

NATIONAL COUNCIL OF STATE
HUMAN SERVICE ADMINISTRATORS
OF THE AMERICAN PUBLIC WELFARE ASSOCIATION
1125 FIFTEENTH ST., N.W., WASHINGTON, D.C. 20005

Suite 300
Telephone: (202) 293-7550

Resolution adopted Sept. 16, 1987

The American Public Welfare Association's National Council of State Human Service Administrators reiterates its support for comprehensive welfare reform as outlined in the APWA Matter of Commitment Report, *One Child in Four*.

The Council supports welfare reform legislation that:

• Reflects a comprehensive approach to self-sufficiency for poor families with children. Mandating work on the part of welfare recipients obligates society as well as the welfare client. State welfare-to-jobs programs must offer a broad array of education, training and employment services, and must provide the necessary support services in order to maintain government's side of the client-agency contract. Those support services must include child care, medical coverage and transportation.

• Includes benefit improvements based on family need and actual local living costs, as reflected in the APWA-proposed Family Living Standard (FLS), a nationally-mandated, state-specific benefit system that encompasses program consolidation and simplification, and assumes coverage of two-parent families in economic need.

• Improves the administration and delivery of welfare services through client-agency contracts and case management.

While the bills now before the House and Senate are not as comprehensive as the reforms proposed by APWA, the Council will continue to work for legislation that addresses the issues outlined above.

The Council will seek passage in the House of Representatives of H.R. 1720, the Family Welfare Reform Act of 1987, which has been reported by the House Ways and Means

Committee. While not addressing all of the elements contained in *One Child in Four* -- missing are program consolidation and substantial benefit improvements as reflected in the FLS -- this legislation clearly moves public policy in the direction reflected in the APWA report.

With regard to S. 1511, The Family Security Act of 1987, introduced by Senator Moynihan, we are pleased that the child support enforcement provisions, the coverage of two-parent families, and the bipartisan approach are consistent with APWA proposals. In the weeks ahead the Council will seek to move welfare reform legislation through the Senate Finance Committee and the full U.S. Senate, but we believe that S. 1511, as introduced, must be strenghtened.

Specifically we recommend S. 1511 be amended to:

- Require the National Academy of Sciences to conduct a 2-year study of the Family Living Standard concept as provided for in H.R. 1720 as a first step toward establishing the FLS as a phased-in reform of welfare benefits.

- Require case management and client-agency agreements to simplify access to services and to ensure that the concept of mutual obligations is translated into action.

- Require a full range of education, training, and employment activities in the welfare-to-jobs program.

- Require that states and agencies guarantee child care to families required to participate in the JOBS program and those in transition to employment, with adequate federal support for these services.

APWA and its National Council of State Human Service Administrators are committed to the enactment of comprehensive welfare reform in this Congress. H.R. 1720 and S. 1511 are clearly preferable to other welfare legislation under consideration in the House and Senate.

We believe final passage of H.R. 1720, or a strengthened S. 1511, will be in the best interest of the goal of the Matter of Commitment project: reducing the number of children and families living in poverty today.

Statement of Ann C. Helton
Before the U.S. Senate Committee on Finance
on
Proposed Welfare Reform

Mr. Chairman, members of the Committee, my name is Ann Helton and I am the Executive Director of the Maryland Child Support Enforcement Administration and the immediate past president of the National Council of State Child Support Enforcement Administrators. I am here today to share with you the views of the Council on the child support provisions contained within S. 1511. The Council is an organization of the child support program directors in the fifty states and four territories and has met several times to study and review the various welfare reform proposals presently before Congress. We have taken positions on provision which we believe will lead to overall program improvement and help us to make a significant contribution to welfare reform and family independence. We have also met with public interest groups to share our views and to determine where we stand on common ground and in which areas we might work together to accomplish our mutual goals.

As we look forward to the new role child support will play, the Council urges the Committee to seek to balance the expectations of the program with the resources realistically available to the states to carry it out. We believe that the child support provisions in Senator Moynihan's bill are positive steps in this direction.

The Council strongly support the following measures:

- immediate income withholding for all child support orders
- mandatory use of child support guidelines as a rebuttable presumption

- improved paternity performance through mandatory blood testing in certain cases, timely action on paternity requests, and financial relief through enhanced funding and incentives restructuring
- increased access by states to employment information compiled by the Department of Labor
- required automation of state programs with enhanced 90% funding
- demonstration projects to study effective methods to update child support orders, work and training programs for non-supporting parents, and to study custody and visitation issues.

There are two additional areas in which the Council supports the concept of reform; periodic updating of support awards and standardization of case processing timelines. However, the Council urges the Committee to study, test and evaluate methods to accomplish these objectives on a demonstration basis prior to mandating nationwide implementation of standards. We suggest that the time and effort taken to do so will be well spent.

In closing, I would like to emphasize that the ability of an individual state's child support program to live up to the new expectations we are now contemplating is directly dependent on continued federal support for the program. The commitment of resources and cooperation are essential as we move into a new era of parental responsibility and family self-sufficiency. Without that commitment we cannot fulfill the promises of this legislation.

NATIONAL COUNCIL OF STATE CHILD SUPPORT ENFORCEMENT ADMINISTRATORS

INCOME WITHHOLDING

HR 1720	HR 3200	S 1511	IV-D COUNCIL POSITION	PRESENT LAW
PROVIDES FINANCIAL INCENTIVE (70% FFP PERMANENTLY IF STATE ALSO COMPLIES WITH '84 AMENDMENTS) FOR STATES WHICH IMPLEMENT PRESUMPTIVE WITHHOLDING, WITHOUT ACCRUAL OF ARREARAGE. STATE LAWS MUST PROVIDE EXCEPTIONS IF - ONE PARENT DEMONSTATES AND JUDGE FINDS GOOD CAUSE NOT TO IMPOSE, OR - BOTH PARENTS AGREE TO ALTERNATIVE ARRANGEMENT.	STATES MUST IMPOSE IMMEDIATE WITHHOLDING WITHOUT ACCUMULATION OF ARREARS EXCEPT: IF THE OBLIGOR POSTS BOND EQUAL TO SIX MONTHS PAYMENTS OR BOTH PARTIES AGREE IN WRITING TO ALTERNATIVE ARRANGEMENT.	STATES MUST IMPOSE IMMEDIATE WITHHOLDING ON NEW AND MODIFIED CASES UNLESS THERE IS: - GOOD CAUSE NOT TO OR - BOTH PARENTS AGREE OTHERWISE EXISTING CASES WILL BE SUBJECT TO IMMEDIATE WITHHOLDING IF A PARENT REQUESTS THAT THE ORDER BE REVIEWED AND MODIFIED.	SUPPORT AUTOMATIC IMMEDIATE WITHHOLDING.	STATES MUST TAKE STEPS TO INITIATE WITHHOLDING UPON ACCUMULATION OF 30 DAYS OVERDUE SUPPORT.

JUSTIFICATION

INCOME WITHHOLDING IS A MOST EFFECTIVE AND EFFICIENT METHOD OF COLLECTION OF SUPPORT PAYMENTS. REMOVAL OF THE 30 DAY OVERDUE REQUIREMENT WOULD REDUCE ADMINISTRATIVE COSTS AND PROCEDURES. THE STIGMA OF WITHHOLDING WOULD BE REDUCED BECAUSE ALL PAYORS WOULD BE SUBJECT TO WITHHOLDING.

GUIDELINES

HR 1720	HR 3200	S 1511	IV-D Council Position	Present Law
- Requires guidelines as rebuttable presumption - Review every three years to reflect cost of living change - Orders must be reviewed periodically and updated every two years - both parents must submit relevant financial info. - Either parent may contest amount of update award including opportunity for hearing.	- Requires guidelines as a rebuttable presumption - Specifics that a correct award equals at least a specified amount - Requires review and update of all orders at least every two years.	- Requires guidelines as rebuttable presumption - Review guidelines every five years Review and Update: - Orders established under guidelines must be reviewed and adjusted every two years. - Orders not established under guidelines may be reviewed and modified at request of either parent if state determines review to be reasonable - Both parents must be notified of pending review and may challenge. Effective Date: Enactment - Implementation date for use of guidelines - Review within one year - Implementation date of review and adjustment of awards - within 2-1/2 years.	Support: - Periodic review of guidelines for cost of living updates - Use of guidelines as a rebuttable presumption. Oppose: - Periodic review and update of all awards on the grounds that states have inadequate resources to comply.	All states are required to adopt guidelines by 10/1/87 and make them available to judges and all others who set awards. The guidelines need not be binding on those who use them.

JUSTIFICATION

The Council supports guidelines as a means to bring equity and fairness to support awards and believes they will reduce the incidence of litigation to establish orders. The Council opposes regular updating of all orders because states do not have the resources to do so.

PATERNITY

HR 1720	HR 3200	S 1511	IV-D COUNCIL POSITION	PRESENT LAW
- STATES MUST ESTABLISH CIVIL PROCEDURES FOR ACKNOWLEDGING AND CONTESTING PATERNITY - REQUIRES USE OF BLOOD TESTS AS REBUTTABLE PRESUMPTION WITH 95% PROBABILITY - CLARIFIES '84 LAW - APPLIES TO ALL CHILDREN UNDER 18 AT PASSAGE OF '84 LAW - IMPUTES COLLECTIONS OF $100 PER MONTH IN PATERNITY CASES FOR CALCULATING C/E RATIOS - PERFORMANCE STANDARDS o FY'80 - 50% HIGHER THAN 1986 EACH SUBSEQUENT YEAR - 15% HIGHER.	- REQUIRES STATES TO TAKE ACTION IN PATERNITY CASES WITHIN 60 DAYS OF OPENING - REQUIRES THE USE OF BLOOD TESTS IN CONTESTED CASES. - ESTABLISHES REBUTTABLE PRESUMPTION OF PATERNITY IN CASES WITH BLOOD TESTS OF 95% PROBABILITY. - REQUIRES THE SAME STANDARD OF PROOF AS THE STANDARD OF STATE'S BURDEN OF PROOF IN CIVIL CASES. - IMPUTES COLLECTIONS OF $100/MONTH FOR 12 MONTHS IN COMPUTING INCENTIVE PAYMENTS.	o REQUIRES SECRETARY HHS TO DETERMINE FOR EACH STATE THE NUMBER OF TOTAL PATERNITIES ESTABLISHED AS A PERCENTAGE OF TOTAL UNKNOWN PATERNITIES AND IMPOSE FISCAL PENALTIES OF 1% - 5% OF CSE PROGRAM COSTS IF THE STATE DOES NOT: - ESTABLISH PATERNITY IN 50% OF CASES OR - INCREASE ITS ESTABLISHMENT BY 3% PER YEAR A STATE WILL NOT BE SANCTIONED IF IT MEETS THE % INCREASE AND ITS PERFORMANCE IS ABOVE THE NATIONAL AVERAGE. PROVIDES 90% FFP FOR PATERNITY LABORATORY COSTS. EFFECTIVE UPON ENACTMENT.	SUPPORT: - REMOVE PATERNITY COSTS IN CALCULATION OF C/E RATIOS - IMPUTE $100 PER MONTH IN CALCULATION OF INCENTIVES - REQUIRE STATES TO TAKE ACTION IN PATERNITY CASES WITHIN 60 DAYS OF OPENING - REQUIRE THE USE OF BLOOD TESTS IN CONTESTED CASES - ESTABLISH REBUTTABLE PRESUMPTION OF PATERNITY IN CASES WITH BLOOD TESTS OF 95% PROBABILITY - REQUIRE THE SAME STANDARD OF PROOF AS THE STANDARD OF STATE'S BURDEN OF PROOF IN CIVIL CASES RECOMMEND THAT ALL STATES BE REQUIRED TO ENACT LONG ARM STATUTES FOR PATERNITY.	STATES ARE REQUIRED TO PROVIDE SERVICES TO ESTABLISH PATERNITY. NO STANDARDS OR SPECIFIC REQUIREMENTS ARE SET. REGULAR ADMINISTRATIVE MATCHING RATE IS AVAILABLE FOR COSTS OF ESTABLISHING PATERNITY.

JUSTIFICATION

THE COUNCIL BELIEVES THAT FINANCIAL INCENTIVES WILL ENCOURAGE STATES TO IMPROVE THEIR PERFORMANCE IN PATERNITY ESTABLISHMENT. THE COUNCIL OPPOSES THE IMPOSITION OF PERFORMANCE STANDARDS WHICH ARE NOT BASED ON AN INDIVIDUAL STATE'S PAST PERFORMANCE AND REALISTIC EVALUATION OF RESOURCES.

MANDATORY AUTOMATED TRACKING AND MONITORING

HR 1720	HR 300	S 1511	IV-D Council Position	Present Law
- Requires states to develop and implement automated systems by 10/1/92 - 90% FFP would expire on 10/1/92.	- Requires states to develop automated systems or submitted APD by 10/1/89 - Requires Secretary HHS to approve APD by 10/1/90 - Requires states to have systems operational by 10/1/92 - Repeals 90% FFP effective 10/1/92.	- Requires states to develop statewide automated systems - States must submit APD within two years of enactment and specify full implementation in no case beyond 10 years - 90% FFP continues through years specified in APD or 10 years whichever is less - States not in compliance with APD or exceed time limits will have FFP reduced to normal match - APD may be waived if state demonstrates alternative system substantially complies with CSE requirements. Effective upon enactment.	Support: - Continued 90% funding beyond 10/95 for systems changes necessary to comply with new federal requirements only - Require states to develop statewide automated systems - States must submit APD within two years of enactment and specify full implementation in no case beyond 10 years - 90% FFP continues through years specified in APD or 10 years whichever is less - States not in compliance with APD or exceed time limits will have FFP reduced to normal match - APD may be waived if state demonstrates that alternative system substantially complies with CSE requirements.	States may develop computerized systems at 90% FFP. The State must have an approved APD. The system must include certain core functions and maintain information on support obligors.

JUSTIFICATION

The Council believes that states need continuing federal support in their efforts to automate so that the systems implemented adequately meet program needs.

STATE RESPONSE TO REQUESTS FOR CHILD SUPPORT SERVICES

HR 1720	HR 3200	S 1511	IV-D COUNCIL POSITION	PRESENT LAW
REQUIRES ESTABLISHMENT OF STANDARDS FOR STATE RESPONSE TO REQUESTS FOR: - LOCATING ABSENT PARENTS - ESTABLISHING PATERNITY - BEGINNING PROCEEDING TO ESTABLISH AND ENFORCE SUPPORT ORDERS. REQUIRES REPORTING TO HHS BY STATES: - AFDC AND NON-AFDC REQUESTS FOR EACH SERVICE - AFDC AND NON-AFDC CASES WHICH RECEIVED EACH SERVICE - % OF CASES RECEIVING AS % OF THOSE NEEDING SERVICES.	REQUIRES SECRETARY HHS TO DEVELOP AND PUBLISH STANDARDS FOR: - TIME BETWEEN OPENING AFDC AND TAKING CHILD SUPPORT ACTION - TIME OF OPENING TO ESTABLISHMENT OF ORDER AND PATERNITY - TIME TO COLLECT ON INTERSTATE AND INTRASTATE CASES.	REQUIRES SECRETARY HHS TO ESTABLISH TIME LIMITS FOR SAME ACTIVITIES AS HOUSE BILL BY CONSULTING WITH AN ADVISORY COMMITTEE OF GOVERNORS, STATE WELFARE ADMINISTRATORS AND OTHERS INVOLVED IN CHILD SUPPORT PROGRAM. SECRETARY MUST ISSUE NPRM WITHIN 90 DAYS OF ENACTMENT, ALLOW 60 DAYS FOR COMMENT AND ISSUE FINAL REGS. WITHIN SIX MONTHS OF ENACTMENT.	OPPOSE: NATIONWIDE STANDARDS WOULD BE ARBITRARY AND NOT CONSIDER EITHER THE RESOURCES OF THE STATE, ITS STATE OF AUTOMATION, OR THE FACT THAT MANY OF THE FUNCTIONS TO BE STANDARDIZED OCCUR OUTSIDE THE AUTHORITY OF THE IV-D AGENCY.	PRESENT LAW DOES NOT IMPOSE PROCESSING STANDARDS PRIOR TO FILING OF A PETITION TO ESTABLISH OR ENFORCE A SUPPORT OBLIGATION. UNDER EXPEDITED PROCESSES STANDARDS, STATES MUST COMPLETE ACTION TO ESTABLISH OR ENFORCE FROM TIME OF FILING TO TIME OF DISPOSITION AS FOLLOWS: - 90% OF ACTIONS IN 3 MONTHS - 98% OF ACTIONS IN 6 MONTHS - 100% OF ACTIONS IN 12

JUSTIFICATION

THE COUNCIL BELIEVES THAT MANY FACTORS, BOTH INTERNAL AND EXTERNAL, AFFECT THE CARRYING OUT OF IV-D FUNCTIONS IN INDIVIDUAL STATES

INTERSTATE

HR 1720	HR 3200	S 1511	IV-D COUNCIL POSITION	PRESENT LAW
ESTABLISHES A COMMISSION TO STUDY INTERSTATE ESTABLISHMENT AND ENFORCEMENT AND DEVELOP NEW MODEL LAW.	- LIMITS ONE STATE'S ABILITY TO MODIFY ANOTHER STATE'S ORDER IN INTERSTATE WITHHOLDING REQUESTS TO THAT ASPECT OF THE ORDER ONLY. THE AMOUNT OR ANY OTHER PROVISION OF THE ORDER CANNOT BE CHANGED. - REQUIRES STATES TO HAVE IN EFFECT THE MOST RECENT VERSION OF URESA OR EQUIVALENT - REQUIRES STATES TO HAVE LAWS REQUIRING EMPLOYERS TO PROVIDE INFORMATION ON THEIR EMPLOYEES.	ESTABLISHES COMMISSION ON INTERSTATE CHILD SUPPORT TO MAKE RECOMMENDATIONS FOR IMPROVING SERVICES AND REVISING URESA. STATE IV-D DIRECTORS WOULD BE REPRESENTED. COMMISSION MUST MEET WITHIN 60 DAYS OF ENACTMENT AND TERMINATES ON 10/1/89.	**SUPPORT:** - REQUIRE EMPLOYERS TO PROVIDE INFORMATION ON EMPLOYEES. ACCESS TO INTERNET - LIMITING ONE STATE'S ABILITY TO MODIFY ANOTHER'S ORDER TO WITHHOLDING ASPECTS BUT NOT TO MODIFY THE AMOUNT OR ANY OTHER PROVISION.	STATES ARE REQUIRED TO COOPERATE WITH OTHER STATES IN ESTABLISHING PATERNITY, LOCATING ABSENT PARENTS, SECURING COMPLIANCE WITH COURT ORDERS AND CARRYING OUT ANY OTHER IV-D FUNCTION.

JUSTIFICATION

THE COUNCIL BELIEVES THAT COOPERATION AMONG STATES SHOULD BE IMPROVED AND THAT ACCESS TO INFORMATION IN OTHER STATES SHOULD BE FACILITATED.

FUNDING--ADMINISTRATIVE COSTS

HR 1720	HR 3200	S 1511	IV-D COUNCIL POSITION	PRESENT LAW
- REDUCES FFP TO 66% FOR STATES NOT IN COMPLIANCE WITH 1984 AMENDMENTS WITHIN SIX MONTHS OF ENACTMENT (IN ADDITION TO CURRENT LAW PENALTIES) - RETAINS 70% PERMANENT MATCH FOR STATES IN COMPLIANCE WITH 1984 AMENDMENTS WHO ALSO IMPLEMENT IMMEDIATE WITHHOLDING - EXCLUDES INTERSTATE DEMONSTRATION PROJECT COSTS IN COMPUTING INCENTIVES	NO PROVISION.	NO PROVISION EXCEPT 90% FFP FOR PATERNITY LAB COSTS.	COUNCIL OPPOSES REDUCTIONS IN FFP AND FURTHER RECOMMENDS THAT IN ANY CASE INVOLVING PENALTIES, FISCAL SANCTIONS NOT BE IMPOSED PENDING DISPOSITION OF ANY APPEALS. COUNCIL SUPPORTS 90% FFP FOR PATERNITY LAB COSTS.	FFP IS AVAILABLE FOR REGULAR ADMINISTRATIVE COSTS AT 68% FOR FFY'S 1988 AND 1989 AND AT 66% FOR 1990 AND THEREAFTER.

JUSTIFICATION

THE COUNCIL BELIEVES THAT CONTINUED FEDERAL SUPPORT IS VITAL TO AN EFFECTIVE PROGRAM ESPECIALLY WITH NEW DEMANDS FOR SERVICES AND AND PROGRAM PERFORMANCE.

DEMONSTRATION PROJECTS

HR 1720	HR 3200	S 1511	IV-D Council Position	Present Law
- Authorizes $5 million per year to determine magnitude of visitation problems and test solutions. Prohibits withholding support pending visitation.	No Provision.	- Authorizes $5 million for '88 and '89 for projects to develop, improve or expand activities designed to increase compliance with access (visitation) provisions of court orders. Secretary must approve. Projects may run 2 years.	Support: - Studies to determine the magnitude of custody and visitation problems.	Grants are available for projects to improve interstate child support services. Permits demonstration projects under Section 1115 to promote the objectives of Title IV-D.
- Authorizes projects to encourage fathers unable to pay child support to participate in work, education and training activities available in the state.	Authorize projects in 10 states to require parents unable to pay support to participate in state's AFDC employment and training program, JTPA or similar program.	No Provision.	- Voluntary and mandatory participation in work training programs for non-custodial parents unable to support their children.	
No Provision.	No provision.	- Authorizes projects in four states to test and evaluate model procedures for reviewing child support award amounts - need not be statewide. Secretary HHS must make agreements by 4/1/88 and projects run for two years.	All demonstration project costs should be removed from administrative costs in calculation of cost effectiveness ratios.	

JUSTIFICATION

The Council believes that demonstration projects can greatly increase knowledge about problems in system but that inclusion of costs in calculation of cost effectiveness is a deterrent to participation.

ACCESS TO INTERNET

HR 1720	HR 3200	S 1511	IV-D COUNCIL POSITION	PRESENT LAW
STATES WOULD BE GIVEN ACCESS TO DOL. QUARTERLY CROSS MATCH SYSTEM OF OF CURRENT EMPLOYEES SOCIAL SECURITY, NUMBERS, ADDRESSES.	REQUIRES THAT EMPLOYMENT INFORMA- WHICH IS IN THE CONTROL OF ANY FEDERAL OR INTERSTATE TELECOMMUNICATION NETWORK OR OTHER DATA EXCHANGE METHOD BE MADE AVAILABLE TO STATE CHILD SUPPORT AGENCY. ALSO REQUIRES STATES TO ENACT LAWS REQUIRING EMPLOYMENT AND RELATED DATA ON THEIR EMPLOYEES BE RELEASED TO THE STATE AGENCY.	SAME. EFFECTIVE UPON ENACTMENT.	SUPPORT.	NO PROVISION.

JUSTIFICATION

THE COUNCIL BELIEVES THAT INFORMATION FURNISHED THROUGH INTERNET WILL AID GREATLY IN LOCATION EFFORTS AND INCOME WITHHOLDING PROJECTS

MISCELLANEOUS

HR 1720	HR 3200	S 1511	IV-D COUNCIL POSITION	PRESENT LAW
- $50 DISREGARD CLARIFIES THAT FAMILY IS ENTITLED TO DISREGARD IF ABSENT PARENT MAKES PAYMENT ON TIME.	NO PROVISION.	- SAME AS HOUSE BILL. EFFECTIVE UPON ENACTMENT.	SUPPORT PAYMENT OF $50 DISREGARD ENTIRELY FROM FEDERAL SHARE.	THE $50 DISREGARD IS PAID ONLY IF RECEIVED BY IV-D AGENCY IN MONTH DUE.
- WORK AND TRAINING FOR ABSENT PARENTS - SEE DEMONSTRATION PROJECTS	PERMITS DEMONSTRATON PROJETS.	- UNDER AFDC AMENDMENTS PERMITS STATES TO INCLUDE UNEMPLOYED PARENTS UNABLE TO PAY CHILD SUPPORT TO PARTICIPATE IN WORK AND TRAINING PROGRAMS - EFFECTIVE 10/1/89	SUPPORT.	NO PROVISION.
- REQUIRES SECRETARY HHS TO CONDUCT A STUDY OF SPENDING PATTERNS IN TWO PARENT, SINGLE PARENT DIVORCED, AND SINGLE PARENT NEVER MARRIED FAMILIES WITH EMPHASIS ON RELATIVE STANDARDS OF LIVING.	NO PROVISION.	- NO PROVISION.	NO POSITION	NO PROVISION.

Miscellaneous (Cont'd.)

HR 1720	HR 3200	S 1511	IV-D Council Position	Present Law
- No Provision.	Requires states to record parents' social security numbers on child's birth records.	- Requires states to collect social security numbers from both parents at child's birth - need not appear on birth certificate. Effective two years from date of enactment.	Support (also on marriage and divorce records).	No·Provision.
- No Provision	General to conduct study to evaluate implementation and submit no later than four years enactment	- No Provision.	No position	No Provision.

EFFECTIVE DATES

HR 1720	HR 3200	S 1511	IV-D Council Position	Present Law
Generally becomes effective on first day of first calendar quarter that begins one year or more after date of enactment.	Generally effective first day of first calendar quarter which begins three years or more after date of enactment.	Various - see provision.	Support a general implementation date of six months after the end of a state's first full regular legislative session following enactment of federal law.	Various.

JUSTIFICATION

In addition to necessary state law changes, IV-D agencies need sufficient lead time to plan program changes

6th District. Connecticut

Congresswoman
Nancy Johnson

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Statement of the Honorable Nancy L. Johnson
Member of Congress
before the Senate Committee on Finance
Hearing on S. 1511, the Family Security Act
October 14, 1987

Thank you, Chairman Bentsen and Senator Moynihan, for allowing me to testify this morning on behalf of Rep. Hank Brown, Ranking Member of the House Ways and Means Subcommittee on Public Assistance and Unemployment Compensation. Because the Ways and Means Committee is meeting this morning, Rep. Brown could not be here to testify.

Mr. Chairman, the issue you examine this morning, welfare reform, is of the utmost national importance. Senator Moynihan's commitment of three decades to the problems of families in poverty is truly commendable, as is your leadership in thoroughly examining the many issues that must be addressed if our welfare system is to be in fact reformed and the experience of being on welfare changed for the women and children of America.

There is broad agreement in the House of Representatives and in the Senate among members of both parties that welfare must be reformed so that it will promote strong self-reliant families instead of dependent women and children. I know that on the issue of strong child support enforcement laws we also share common ground. It is in the context of this historic consensus on welfare reform in the Congress that I wish to speak today in behalf of the mothers of children on welfare.

All too often today, a woman who chooses welfare over a job is making the right choice for her children. If remaining independent means leaving her children unattended while she works, or without health care, she makes the wrong choice if she chooses to work. Unless we recognize this tough reality we will fail to reform the system.

Welfare reform proposals approved by House Committees recognize both the need for better education, training and job placement programs and transition benefits as well, but H.R. 3200, legislation that House Republicans have drafted, contains some innovative provisions to assist a welfare mother toward work and independence.

For example, to make steady employment a reality for poor families across America instead of empty rhetoric here in Washington, we need to truly support their transition from welfare to work. Child care benefits are often cited as the most costly family expense after food, rent and taxes. Recognizing that lack of child care is a barrier to work for any struggling family, the Republican bill provides for an unlimited transitional child care benefit based only on an ex-recipient's ability to pay.

By comparison, the House Ways and Means Committee cuts off a parent's child care subsidy after six months, and the House Education and Labor Committee after one year. Only a very exceptional ex-welfare mother could command the salary, less than a year after she completes job training, that would allow her to assume the full cost of child care.

Secondly, in order to craft a program that will effect successful welfare reform, we must establish a system that discourages dependence early. Statistics and common sense confirm that women who have their first child while they are still teenagers run the greatest risk of long-term welfare dependence. A program that would allow a young woman who has dropped out of high school to reject education does not help the woman or her children, because it does not help her become aware of her abilities, develop them into marketable skills, and plan and train to become both economically independent and a skilled parent.

The Ways and Means Committee proposal allows a woman to stay home, isolated and out of a developmentally challenging environment, until her youngest child is three years old. This approach fosters dependence, not dignity. In contrast, the Republican proposal allows states to require young women to participate in half-time parenting, education or job programs when their youngest child reaches six months if there is child care support available.

At a time when almost one-half of the workforce is female, when fully one-fourth of working women are mothers of children under three, and when the typical working mother must return to her job just six or eight weeks after the birth of a child, we cannot encourage this double standard that excuses young women from taking responsibility for their families and handicaps them for the rest of their lives.

As the mother of three daughters I have some experience in raising children. I know that the second child typically comes along before the first is three years old, and I know first-hand how difficult it is to get back into the workforce once you have been isolated at home with only young children for stimulation and support. We are not helping young mothers by promoting isolation and dependence for three years or more, as the second child follows the first.

Finally, we must encourage states to meet certain goals while giving them flexibility in designing their programs. After all, it is the states who led the way in creating innovative programs to move welfare recipients into work. Nevertheless, as a former member of the Connecticut legislature, I know that our welfare-to-work program never could have succeeded if we did not require communities to employ one-third of recipients each year. Goals will force states to develop programs and child care resources, not just for the easy to place recipients, but for the high school dropouts and depressed housewives in their 30s.

Real welfare reform will enable welfare mothers to have power over their own lives. It will enable mothers to choose independence with the confidence that child care and health care support will be there. It will teach teenage mothers that welfare dependence is a dead-end street. It will emphasize financial support by both parents with tougher child support laws and demonstration projects to draw unwed and unemployed fathers into job training programs. It will provide states with the flexibility and the incentives to design the best program possible, and the goals to make welfare reform is a reality and not empty rhetoric from Washington.

The bottom line in welfare is the welfare of children. We must provide their parents with the skills and imbue them with the confidence that they can shoulder their economic and parenting responsibilities. Welfare, in short, must become an avenue to independence, not a dead-end street.

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PREPARED STATEMENT OF ARTHUR B. KEYS, JR.

I am Reverend Arthur B. Keys, Jr., Executive Director of Interfaith Action for Economic Justice, a coalition of 29 national Protestant, Roman Catholic, Jewish and ecumenical agencies and faith groups. We have worked together over the past 13 years, advocating just federal policies and programs for poor people in this country and in the Third World.

Our concern for the poor in this country is framed in a context of hope. We know that the strength and resilience of this country's economy is such it can adjust to new international economic realities in a way that serves all of the American people. We advocate programatic and policy changes that will enable people who are now left out of the economic mainstream to participate in and contribute to our national strengths.

We seek an end to poverty, and we examine each legislative proposal for the contributions it can make to this end. When President Reagan put welfare reform on the agenda of this Congress, we welcomed the opportunity to explore with members of Congress ways to restore and strengthen a collapsing bridge between welfare and self-reliance for poor families.

What Needs Reforming?

Throughout this process, we have given strong support to changes in the AFDC program that would make it more possible for single mothers, especially, to move from welfare to employment. We have pointed out the damage done by amendments adopted in 1981 and 1982 that withdrew the "helping hands" that had previously been available to working poor families. Until 1981, families with net incomes slightly above the poverty line could still qualify for a small amount of assistance from food stamps. Families with earned incomes below state-established standards could receive some cash assistance from the AFDC program, and could qualify for Medicaid. Now, regardless of income, AFDC and Medicaid benefits are not available to "working poor" parents after their first four months on a job. The amounts of assistance available to families from each of these sources was relatively small, and likewise the amount saved by the federal government when these programs were restricted or terminated for working people was also relatively small. But the little bit of help that was once available made a critical difference in the lives of many poor families. In the interest of reducing federal expenditures, Congress and the President collapsed the bridge that used to lead from welfare to employment, leaving stranded the very families who were working hardest to improve their situations.

What's left is a cliff. Without these bridges, when a family tries to leave welfare, the wage-earner must leap to a relatively high paying job, or the family must fall into a chasm of deep poverty, much worse than that experienced on welfare.

The choices do not have to be so stark. We have been looking to this welfare reform debate in the hope that there would be some interest, at least, in rebuilding the bridges that were dismantled in 1981. So far, we have been disappointed. The major focus of most of the welfare reform proposals has been on forcing rather than enabling employment. We believe that this focus is wrong. Recent experience in states that have implemented welfare-to-work programs demonstrates clearly that good programs attract many well-motivated volunteers, but that poor programs simply waste time and money. The focus, therefore, should be on designing a high quality program.

The Family Security Act of 1987

We confine our comments on the Family Security Act of 1987 to Title II, the Job Opportunities and Basic Skills Training Program. Although many of our member denominations and faith groups have expressed individual concerns about the processes identified in Title I on Child Support Enforcement, we gather as a coalition to focus primarily on economic rather than civil rights issues.

Purpose

We are disturbed that the role described for the government in the purpose section of the bill is limited to providing education and employment training opportunities for parents. We know that poverty is an economic problem; decisions made by the Federal Reserve to reduce inflation at the expense of high unemployment rates definitely contribute to rising rates of poverty. Congress's failure to coordinate its actions with the economic decisions of the federal reserve -- by increasing income assistance and employment-related programs -- further exacerbates the problem of poverty. These national decisions rest heavily on the shoulders of America's poor. While all parents may wish to be responsible for the well-being of their children, not every parent has control over the economic factors that make this responsibility a practical reality.

We believe that the government should take a very strong role in preventing and ending poverty, and that role goes beyond assuring access to the economy. When that access fails, the government's role is to offer income assistance sufficient to support a family in health and dignity.

Required Participation by States

All states would be required to set up a mandatory JOBS program in order to receive their AFDC funds. The requirements of the JOBS program extend further than the requirements of WIN. Under current law, only half the states have set up a workfare program. Only seven have chosen to have a statewide program. Other states choose to confine their requirements to registration and job search. By requiring all states to set up statewide JOBS programs, this bill forces the issue of workfare in states that have not chosen to involve themselves in work and training efforts.

Required Participation by Individuals

Current law requires all non-exempt adults to register for the WIN program. States can expand this mandatory requirement under WIN Demonstration programs. This bill makes each state's Title IV-A funding contingent on the operation of a statewide program that mandates participation in a work or training program. In addition, the bill amends the list of exemptions in current law, to permit states to require the participation of a mother who is caring for a child as young as age one. Mothers who are under age 22 and who have not completed high school can be required to participate immediately after the birth of a child.

We believe that the decision to resume or begin employment after the birth of a child is a personal and family decision. It must be possible for the mother to locate and pay for adequate care for the child. With infants, this is an especially expensive and challenging proposition. It must be possible for the mother to handle the conflicting requirements of motherhood and employment without neglecting the child or losing the employment. In a voluntary program, the mother can explore available options, and very often can find a way to take training or to begin employment even when the child is very young. But each situation is different; we strongly oppose a blanket requirement of participation by mothers of very young children.

We also note that the bill permits states to require the participation of unemployed absent fathers. Instead of concentrating on creating substantial employment that would contribute to family formation and family unity, the bill proposes to require absent fathers to "work off" a $150/month payment given to the mother as a part of the family's welfare benefit. We believe that this proposal, if adopted, would be the first U.S. law permitting a government agency to require unpaid work from a private citizen, based on an untried assumption that the citizen owes a debt to another person.

"Assurances" of Child Care

Co-sponsors of this bill have said that they intend for child care to be available to anyone who is required to participate in the JOBS program, and that no parents should be required to participate in an activity at any time when child care is unavailable for their children. However, the bill does not accomplish this purpose.

The bill requires states to "assure" child care to each family, upon the subjective determination by a State employee that child care is necessary in a particular instance. There is no language in the bill stating that the absence of child care constitutes good cause for non-participation. Without such language, the participant has no protection from sanctions for non-cooperation when child care arrangements fall apart.

We strongly urge the inclusion of the following language:

> "Any applicant or recipient to whom child care services or transportation are unavailable may not be required to participate in education, training, or work programs under this section."

Child Care Expenses

The bill caps reimbursement for child care expenses at $160 per month per child for full time child care. The average cost of child care nationwide is $300 per month, and more for infants or disabled children. While we understand the restrictions on the Congressional budget, we have a more poignant understanding of the restrictions on the budget of a family in the AFDC program. All expenses over $160 a month will come out of the rest of the family's income. The shortfall in funding could reduce a typical AFDC family's income by about $280 per month. (Nearly three-quarters of all AFDC families consist of a mother and one or two children.)

For example, in Maryland, a mother of two pre-school children could be required to participate 24 hours per week in a training program. When transportation is accounted for, she would require about 30 hours of child care per week for her two children. The federal government would reimburse a portion of the $160 capped child care allowance for her; her reimbursement for the two children would probably be limited to about $190 per month. Her child care expenses for the two children would probably be about $450 per month. The $260 shortfall that is not reimbursed would have to be paid out of her $354 monthly welfare grant. The mathematics are difficult to follow, and actually impossible to implement in real life.

The problem of inadequate reimbursement for child care can be repaired in at least two ways:

(1) by removing the cap on reimbursement, and thus matching child care expenses in the same way that other employment and training expenses are matched, or

(2) by specifying that when all available child care costs more than $160 per month per child, it will be considered "unavailable", and the parent will not be required to participate in a program.

New Funds for Education and Training

The bill does increase availability of federal resources for reimbursement of child care expenses, and education and training programs for persons receiving AFDC benefits. It also expands the availability of Medicaid to some who have left welfare and are employed in moderately low-wage jobs, and extends the availability of AFDC assistance to families with two unemployed parents. We would support this increase in resources if it were not tied to a legislative package requiring nearly universal participation in a seriously flawed program.

There are channels available now for funding of all the activities and benefits that this bill would fund. Congress has simply not been willing -- in these times of tight budgets -- to increase resources for subsidized child care (in Title XX and elsewhere), for Medicaid and the optional medically-needy program, for job training (in the Job Training Partnership Act and in vocational education programs), or for remedial, secondary or post-secondary education.

Whatever the reason for the recent budget cuts in education, employment training, child care, social services, and health care programs, it is not necessary to create new programs to meet these needs. With adequate funding through existing channels, families on welfare as well as "working poor" families would be able to improve their economic status by taking advantage of the opportunities already authorized and in place at federal, state and local levels.

We urge this committee to examine the generally-accepted assumption that improvements in employment-related services must be tied to required participation in welfare and workfare programs. We specifically recommend the following:

* Welfare reform legislation should acknowledge government's broad role in preventing and ending poverty. Direct assistance to poor families, in the form of income assistance or training assistance, is secondary to government's primary duty to manage the economy in a way that allows effective participation of all Americans.

* The "bridges" to employment that were dismantled in 1981 should be restored. Specifically, the gross income cap should be removed from the food stamp program, the earned income deduction should be made permanent, and Medicaid should be expanded to cover the working poor. Low-income workers, not just those on the AFDC program, should be eligible to participate voluntarily in education and training programs.

* Participation in welfare-to-work programs should be voluntary.

* Work and training programs should provide useful training that effectively improves participants' marketable skills. Make-work programs, such as CWEP, should be abolished.

- States should not be permitted to require the participation of absent fathers in any work or training program.

- Child care must be legally guaranteed for anyone required to participate in any program which takes a parent-caretakers away from their responsibility to care for their children.

- Child care allowances must reflect actual expenses.

- Additional funds for education, job training, health care, subsidized child care and social services should be made available through existing channels, without creating or expanding work requirements in the AFDC program. Training, services and employment assistance that enable wage-earners to keep up with our changing economy should be available to generally, without regard to participation in a welfare program.

TESTIMONY
OF
SENATOR BARBARA A. MIKULSKI
BEFORE THE
SENATE COMMITTEE ON FINANCE

THE FAMILY SECURITY ACT OF 1987

OCTOBER 14, 1987

THANK YOU SENATOR BENTSEN AND THE SENATE FINANCE COMMITTEE FOR THE OPPORTUNITY TO TESTIFY THIS MORNING ON THE FAMILY SECURITY ACT OF 1987. THIS BILL TAKES A COMPREHENSIVE LOOK AT THE WELFARE SYSTEM, ITS GOALS AND SHORTCOMINGS. IT ACKNOWLEDGES THAT NO ONE GETS THEIR MONEY'S WORTH UNDER THE CURRENT SYSTEM.

THE FAMILY SECURITY ACT IS A SIGNIFICANT STEP FORWARD IN ADDRESSING THE PROBLEMS IN THE WELFARE SYSTEM. I AM PLEASED TO JOIN MY COLLEAGUES, AS A COSPONSOR OF THIS LEGISLATION, IN WHAT HAS BECOME A BIPARTISAN AND BICAMERAL EFFORT TO MAKE THE WELFARE SYSTEM ONE THAT MAKES SENSE FOR EVERYONE.

I WANT TO COMMEND SENATOR MOYNIHAN FOR HIS DEEP COMMITMENT TO A VERY DIFFICULT AND IMPORTANT ISSUE. AS THE ARCHITECT OF THIS FAR REACHING PROPOSAL, SENATOR MOYNIHAN HAS BROUGHT ALL OF OUR ATTENTION AND ENERGIES TO BEAR ON AN ISSUE WHICH WILL DETERMINE THE FUTURE OF MANY AMERICANS.

I'M PROBABLY THE ONLY UNITED STATES SENATOR TO SERVE WITH A MASTERS DEGREE IN SOCIAL WORK. I'M PROBABLY THE ONLY UNITED STATES SENATOR EVER TO HAVE BEEN A WELFARE WORKER, TO HAVE WORKED IN THE WAR ON POVERTY, AND TO HAVE BEEN OUT ON THOSE STREETS AND IN THOSE NEIGHBORHOODS, TRYING TO HELP THE POOR HELP THEMSELVES.

ONE OF THE REASONS I WENT INTO SOCIAL WORK WAS TO TRY TO HELP PEOPLE. AND ONE OF THE REASONS I CAME INTO POLITICS WAS TO TRY TO BRING ABOUT INSTITUTIONAL CHANGE, AS A SOCIAL WORKER, WORKING IN AFDC AND OTHER FORMS OF WELFARE, I LEARNED THAT WHAT WE NEEDED WAS TO CHANGE THE SYSTEM.

WE HAVE KNOWN FOR SOME TIME THAT THE WELFARE SYSTEM NEEDED TO BE REFORMED. THE POOR WHO ENDURED IT KNEW WE NEEDED REFORM. THE SOCIAL WORKERS AND ADMINISTRATORS KNEW WE NEEDED REFORM. AND THE TAXPAYERS WHO PAID FOR IT KNEW WE NEEDED REFORM.

AND THAT IS WHAT THE MOYNIHAN, ET. AL. BILL DOES. IT MEETS THE NEEDS OF THE POOR, IT CUTS OUT THE RED TAPE AND ADDS LOCAL FLEXIBILITY TO HELP SOCIAL WELFARE ADMINISTRATORS BE CREATIVE, BE HELPFUL, AND AT THE SAME TIME IT MEETS FISCAL RESPONSIBILITY.

WHAT I LIKE ABOUT THE BILL IS THAT IT REAFFIRM'S PARENTAL RESPONSIBILITY, AN AFFIRMATION THAT MUST CONTINUALLY BE MADE. AT THE SAME TIME THE MOYNIHAN BILL CREATES A PARENTAL OPPORTUNITY STRUCTURE. YES, IT TALKS ABOUT PEOPLE HELPING THEMSELVES, BUT IT ALSO HELPS CREATE THE RESOURCES FOR PEOPLE TO BE ABLE TO HELP THEMSELVES-- THROUGH TRAINING PROGRAMS, THROUGH THE TRANSITIONAL ASPECTS OF KEEPING PEOPLE ON MEDICAID AND OTHER SUPPLEMENTS UNTIL THEY ARE SELF-SUFFICIENT. AND IT IS THOSE OTHER ASPECTS THAT PROVIDE A SAFETY NET TO PEOPLE AS THEY MOVE OUT INTO A MAIN-STREAM ECONOMY.

THERE ARE SEVERAL AREAS I WOULD HOPE THE COMMITTEE WILL EXPLORE FURTHER AS IT CONSIDERS THIS LEGISLATION. IN DOING SO, I KNOW YOU WILL LOOK AT THE SOLUTIONS PROPOSED BY OUR COLLEAGUES IN THE HOUSE. I MAKE THIS SUGGESTION MINDFUL, LIKE SENATOR MOYNIHAN, THAT SOCIAL REFORM IS CONSTRAINED BY THE FISCAL REALITIES OF OUR DIFFICULT BUDGET SITUATION.

FIRST, THE ADEQUACY OF TRANSITION BENEFITS WILL BE A KEY ELEMENT IN THE SUCCESS OF ANY PROGRAM. WE NEED TO EVALUATE WHETHER THE 9 MONTH CAP ON TRANSITION BENEFITS CURRENTLY IN THE BILL IS SUFFICIENT. IT WOULD BE USEFUL HERE TO EXPLORE DIFFERENT WAYS OF TARGETING SUCH BENEFITS IF BUDGET CONSTRAINTS LIMIT MOVEMENT IN THIS AREA.

AS SENATOR MOYNIHAN HAS POINTED OUT IN HIS WRITINGS MEDICAID TRANSITION BENEFITS ARE THE KEY ISSUE FOR THE MAJORITY OF RECIPIENTS--SINGLE MOTHERS MUST HAVE ACCESS TO MEDICAL CARE FOR THEIR CHILDREN.

SECOND, I HOPE THE COMMITTEE WILL CONSIDER BEING MORE SPECIFIC ABOUT WHAT THE STATE'S JOB TRAINING OBLIGATIONS SHOULD BE. REMEDIAL EDUCATION, JOB SEARCH AND SKILLS TRAINING ARE IMPORTANT, IF NOT ESSENTIAL ELEMENTS OF ANY "JOBS" PROGRAM. FROM BEING A WELFARE WORKER, I KNOW THE SINGLE MOTHER ON WELFARE CAN GET OFF THE WELFARE ROLLS, AND STAY OFF, BUT SHE CAN'T DO IT WITHOUT EITHER COMPLETING HER G.E.D. OR GETTING JOB SKILLS OR TRAINING.

THIRD, CHILD CARE. AS I KEEP SAYING AS WE LOOK TO THE NEEDS OF WORKERS IN THE YEAR 2000, CHILD CARE MUST BE PROVIDED. WE CANNOT REQUIRE A SINGLE PARENT TO WORK WITHOUT PROVIDING FOR THE CARE OF HER CHILDREN.

BEFORE I CLOSE MY TESTIMONY, I'D LIKE TO RAISE A CONCERN ABOUT THE WAIVER AUTHORITY ISSUE AND UNDERSCORE MY CONCERN ABOUT THE MANDATED PARTICIPATION IN THE "JOBS" PROGRAM.

AN IMPORTANT ELEMENT OF THE SENATE AND HOUSE BILLS BEFORE THE COMMITTEE IS THE FLEXIBILITY THEY PROVIDE THE STATES. I AM A STRONG SUPPORTER OF SUCH FLEXIBILITY. THE FEDERAL GOVERNMENT

SHOULD SET THE STANDARDS, GUARANTEEING ALL OF THOSE WHO NEED ASSISTANCE AN EVEN SHOT AT GETTING IT. THE ADEQUACY OF THE SYSTEM SHOULD NOT VARY BECAUSE OF WHAT STATE A PERSON LIVES IN. IN CONSIDERING WHETHER TO WAIVE REQUIREMENTS IN STATES FOR PROGRAMS SUCH AS AFDC, CHILD WELFARE, AND CHILD SUPPORT ENFORCEMENT PROGRAMS, WE NEED TO INSURE AGAINST POSSIBLE NEGATIVE CONSEQUENCES.

ON MANDATED "JOBS" PROGRAM PARTICIPATION, I LEARNED LONG AGO THAT THE MAJORITY OF WELFARE RECIPIENTS WANT TO WORK. LET'S SEND THOSE WHO WANT TO WORK A POSITIVE MESSAGE, THE RIGHT MESSAGE--HERE'S AN OPPORTUNITY TO WORK. LET'S NOT PUNISH THOSE WHO ARE UNABLE TO WORK.

FINALLY, AS A DUES PAYING MEMBER OF NASW, I MUST MAKE A PLUG ABOUT EXPLORING A MINIMUM BENEFIT FOR RECIPIENTS. AFDC AND OTHER FEDERAL PROGRAMS PRODUCE BENEFITS WHICH VARY DRAMATICALLY FROM STATE TO STATE-- AS MUCH AS \$118 PER MONTH FOR A THREE PERSON FAMILY TO \$ 617 PER MONTH. IF WE CANNOT SET A FLOOR FOR BENEFITS, LET'S ENCORAGE STATES TO INCREASE BENEFITS BY ADDING INCENTIVES TO THOSE STATES WHICH PROVIDE MORE TO RECIPIENTS.

MR. CHAIRMAN, THANK YOU FOR THE OPPORTUNITY TO TALK ABOUT THIS VERY IMPORTANT BILL. THIS IS THE KIND OF BILL THAT WHEN I STARTED GRADUATE SCHOOL, TAKING COURSES IN PUBLIC POLICY, WE DREAMT ABOUT. THIS IS THE KIND OF BILL THAT WHEN I JOINED THE LEGAL AID LAWYERS TAKING THE WELFARE MAXIMUM CASE TO THE SUPREME COURT, WE HOPED ONE DAY WE WOULDN'T HAVE TO RELY ON THE COURTS. THIS IS THE KIND OF BILL THAT WE'VE BEEN WAITING FOR, IN MY JUDGMENT, FOR OVER 50 YEARS, SINCE AFDC WAS CREATED. I'M HAPPY TO BE PART OF IT.

SENATOR GEORGE J. MITCHELL
WELFARE REFORM HEARING
OPENING REMARKS
OCT. 28, 1987

Mr. Chairman:

With this third hearing before the full Committee, I think we are making great progress in an effort to carefully examine all the issues involved with welfare reform.

The nation has debated the issue of how best to aid families below the poverty level since 1932. And, every President since Dwight Eisenhower has made welfare reform a major domestic priority. Unfortunately, eliminating poverty in the United States has been an elusive goal and welfare caseloads and costs have risen steadily.

Changes enacted during the last 50 years have represented a piecemeal approach at best. Legislation approved in 1956, 1961, 1962, 1967, 1974, 1981, 1982, and 1984 all have one concept in common: the desire to reduce poverty -- but not the resources and guidelines necessary to accomplish that objective.

During this Congress, I believe we are taking the right approach. We have introduced legislation that will fundamentally change the welfare system. We are working with welfare administrators, program directors, and various groups to ensure that our current welfare laws are changed in an effective manner.

Much has been said lately indicating that we cannot afford welfare reform. To the contrary, I believe that we cannot afford not to reform our nation's welfare system. We cannot afford to write off a portion of society and provide them with no incentive to obtain the skills or education necessary to gain employment.

The current system ensures that a portion of society will be encouraged to receive welfare benefits until their children are six years old -- in many cases this means that we encourage dependency for six or more years. These are the people that are most in need of welfare reform. They will benefit the most from resources targeted to help them gain self-sufficiency.

I hope that today's hearing will provide members with practical information from program directors concerning the most contentious of issues before the Committee: the level of funding for the JOBS program; the level of funding for child care; whether the imposition of participation rates should be included in welfare reform; the role of case management; and issues of child support enforcement.

We on the Committee can only benefit from the insight of those directly involved with job-training and welfare programs. Much can be learned from reading studies, but much more can be learned from speaking with and listening to those individuals who have worked with welfare recipients on a one-to-one basis.

I look forward to the testimony to be presented today, and I commend those individuals who through their practical experience are working with us to ensure that Congress adopts an effective and responsible welfare reform package.

PREPARED STATEMENT OF SUSAN REES

Mr. Chairman, I am Susan Rees, director of the Coalition on Human Needs. The Coalition is an alliance of over 100 national religious, civil rights, labor organizations and others concerned about the poor, minorities, children, women, elderly and disabled persons.

For nearly a year, representatives of about 30 Coalition member organizations have been meeting regularly to follow the progress of welfare reform and examine the implications of various proposals. I want to thank you for the opportunity to share our views with you today.

Like you, we are eager to see changes which would help reduce poverty in this country by improving opportunities for AFDC recipients to move into decent jobs, with appropriate support and transitional services, and by more adequately providing income support to all who remain in need. Ultimately, we would like to see enacted reforms which may not be possible this year -- like a national minimum benefit standard at 100 percent of the poverty line. If fiscal constraints prohibit such changes now, we hope that, at least, this Congress will take the first steps toward making such a commitment. Certainly, we hope that you will not take any steps backward just for the sake of doing something called "welfare reform."

Unfortunately, two bills now pending before this committee take very definite steps backwards. The Coalition objects to the philosophical underpinnings in both the Dole bill (S. 1655) and the Moynihan bill (S. 1511). The difference is only one of degree, with the Dole proposal endangering the support system of larger numbers of people in all states. S. 1655 would effectively wipe out 22 programs, including Medicaid, food stamps, AFDC and SSI which poor children, aged, blind and disabled persons depend upon. S. 1511 would make this possible in AFDC and six other programs, and would limit this so-called "waiver authority," or block grant, to ten states.

I do want to mention that the bill introduced by Senator Moynihan takes several positive steps, including nationwide AFDC-UP, strengthened child support enforcement and new transitional child care services. However, these are insufficient to overcome the extreme hardship the bill could work on poor children and their families.

Extending AFDC coverage of two-parent families to all states would help hundreds of thousands of children at relatively low cost. As Senator Evans testified last week, extending AFDC-UP would save money in the long-run by helping to keep parents together during temporary bouts of unemployment. Mr. Chairman, the Coalition recently completed interviews of 200 poor people under a Ford Foundation grant. In San Antonio, we found several young parents struggling to raise children with absolutely no income. The fathers had been laid off work, yet they could not qualify for AFDC because they stayed with their families. If they eventually make the economically rational choice of leaving their families, chances are the mother and children will be dependent on government support for a much longer time than if they could have qualified for AFDC for the duration of the father's unemployment.

Despite this much-needed improvement, the board of our Coalition last month agreed that we could not support S.1511 as it is currently written. A similar position has been taken by a number of organizations independently, including the national board of the YWCA, the Child Welfare League of America, Women's

Equity Action League, Interfaith Action for Economic Justice, the National Council of Churches, the National Council of La Raza, the American Civil Liberties Union, NETWORK, a Catholic social justice lobby, the AFL-CIO and AFSCME.

We have a number of concerns, but I would like to concentrate my remarks on three of them -- the waiver provision; the structure of the JOBS program; and the child care section. Although I will refer mainly to S. 1511, similar and greater flaws can be found in S. 1655.

The most serious implications are in the waiver title. By allowing even ten states to create their own block grants out of seven federal programs, including AFDC, the fundamental principle of the entitlement of poor children to federal income support will be destroyed. Depending on which states would be chosen, the majority of the population could well suffer this loss.

The Moynihan bill specifically states that the purpose of the waiver is to grant states "maximum flexibility" to experiment with new ways of using funds, including changing eligibility, benefit levels and forms of assistance. All federal statutes and regulations could be waived for the affected programs.

We understand that one rationale for the waiver title is that the present Administration has repeatedly denied requests from states which want to exercize existing waiver authority under Section 1115 of the Social Security Act. The problem, then, would seem to be in the administration of current waiver authority not in current law itself. What is to guarantee that expanding the current waiver authority would result in the approval of new initiatives sensitive to the needs of poor children?

Besides eliminating basic standards for conducting the AFDC program, the waiver authority would remove standards from other programs carefully crafted by Congress. Standards in the brand new Child Support Enforcement and JOBS programs contained in S. 1511, surprisingly, would be among those that could be waived. So would the 1980 Child Welfare and Adoption Assistance Act (P.L. 96-272), which established standards and incentives for states to reduce their foster care rolls and return children to their families or place them in permanent adoptive families.

The Coalition's primary objection to the JOBS program is that it also takes the block grant approach in that it does not set out even minimum standards to ensure a quality program. As written, the bill says states "may make available a broad range of services," including ten listed as possibilities. Given the intensive training and remedial education needs of most AFDC recipients (especially those who are long-term or expected to become long-term recipients) we believe it is imperative that every state be required to have at least a minimal range of services available.

Services should be tailored to each individual's needs, but the state should be required to have available the following: testing, high school and remedial education, English as a second language, advanced education, job search, skills training, on-the-job training, job readiness activities, counseling, information-referral, and job development. Most of these are contained in the House bill H.R. 1720.

The Coalition was founded in 1981 out of a concern by a broad array of organizations about proposals for block grants similar to that proposed in S. 1511. Since then, we have monitored four block grants in 11 states under a three-year Ford Foundation grant.

This monitoring has confirmed that you cannot always rely on states to target benefits to those most in need or to provide the kinds of services that would be of greatest help to them.

For example, in the Chapter II Education Block Grant the ten states where information was available distributed, on average, 77 percent of their funds purely on the basis of overall school enrollment. Eight of the ten states distributed 20 percent or less of their funds on the basis of poverty in each school district. Two states distributed only 5 percent of their funds on the basis of poverty. Only two states used limited English proficiency as a factor in their distribution formula.

In the Jobs Training Partnership Act, only six of the 11 states monitored could show that they served AFDC recipients in proportion to their share of the disadvantaged population. The JTPA statute also states that drop-outs should be served "equitably." Although drop-outs are estimated to be 51 percent of the JTPA-eligible population, our study found that only one of 11 states served that many drop-outs. In five of the states, less than 30 percent of the terminees were drop-outs.

In the Community Development Block Grant, states have made a dramatic shift of funds away from housing, which provides observable, direct benefits to low income families, and toward economic development, where it is nearly impossible to determine if newly created jobs go to economically disadvantaged individuals. In Illinois, for example, the share spent on economic development increased by 100 percent between fiscal 1982 and 1984 while the share going to housing decreased by 70 percent. The range of the economic development increase was from 18 percent in Missouri to 365 percent in Louisiana.

The Coalition study also uncovered instances of discrimination on the basis of race, ethnicity and sex. Federal civil rights laws apply to the block grants we monitored, as they would to the JOBS program and block grant which S.1511 would create. Under the block grant approach, however, states instead of the federal government are primarily responsible for civil rights enforcement. We found that states usually do not conduct compliance reviews that specifically monitor civil rights compliance.

In one parish in Louisiana, we found that the JTPA program was employing white youth in local industries while black youth were put to work cleaning cemeteries and public grounds.

In Caruthersville, Mo., a small town with an exceptionally high poverty rate, we found that community development money was being used to build a new water tower that would lead to lower insurance rates for everyone in the community. The town's 30 percent black population would rather have seen a housing rehabilitation than higher water pressure, but they were not consulted in the planning. To add insult to injury, the firm hired to do the work on the water tower was from out-of-state and failed to employ any of the town's minority population.

Under the proposed block grants, the Department of Health and Human Services, which would administer the waivers, could ignore a state's non-compliance with civil rights laws even if a locally-initiated complaint established a violation.

Our study unexpectedly discovered a case in Louisiana where a local employer violated federal labor standards in employing JTPA workers at a feed plant built with CDBG funds. Not only did the owner fail to re-pay his CDBG loan, but workers were exposed to dangerous formaldehyde solutions and reported they frequently worked around-the-clock, weekends and holidays with no time for lunch or dinner and no pay for overtime. Paychecks were often issued late, and local merchants would not cash them because of the frequency with which the bank stated that the owner's account had insufficient funds. State JTPA program officials refused to take employee complaints to the Department of Labor because DOL had ignored earlier complaints of a similar nature. When the Coalition inquired about the case with federal officials, we were told enforcement was up to the state under a block grant.

The Coalition believes that the JOBS program and the waiver title in S.1511 leave entirely too much to state discretion. Furthermore, S. 1511 allows demonstrations under the waiver title to continue for five years before a formal evaluation would have to be conducted by HHS based on annual interim reports submitted by the state. The bill sets out no criteria for evaluation other than saying that the evaluation must consider the extent to which statutory objectives have been met. HHS alone would determine what data to require of states. Our experience in monitoring four block grants is that, only when data requirements are spelled out in the statute, is there a basis for genuine evaluation and comparison between states.

The Coalition's third major concern about S. 1511 is that its language fails to ensure that participants in the JOBS program will receive adequate child care. The language says only that the state shall "assure" child care "to the extent that such care is determined by the state agency to be necessary." Besides the usual ways of providing care directly or reimbursing for care, the bill allows states to "adopt such other arrangements as the state deems appropriate." We believe that the decision on the appropriateness of child care arrangements must remain with the mother, not the state.

At present, there is an acute shortage of child care around the country. S. 1511 will greatly increase the demand by mandating participation in the JOBS program by most parents with children over the age of three and, at state request, those whose children are younger. The influx of hundreds of thousands of children into an inadequate day care system will force up the price, which now averages $250 per month. Yet, S. 1511 does not raise child care reimbursement levels above the current $160 per month. Under these circumstances, it is difficult to see how appropriate child care can be made available to all children whose parents will be out of the home. And, after all, it is the welfare of children that should be our ultimate concern in this endeavor.

Our Coalition believes that it would be preferable to make participation in such an employment program voluntary or, at least, as the Democratic bill in the House does, require that priority be given to those who actively seek to participate. From our interviews with low income people over the past year, we are confident that a good program would receive more applicants than it could handle.

Poor people know that a decent job is the only way they will be able to escape poverty. The real challenge is to make sure the jobs are there and that we properly educate and train people to fill them. If we concentrate first on those who seek such opportunities, we could rely on the fact that they feel they have appropriate child care and that they have confidence that the program will make them better off than they are on welfare. The best we could do would be to mandate that the state make certain services available and open the doors to all welfare recipients who wish to participate.

The Coalition also believes that the Community Work Experience Program (CWEP) should be repealed. CWEP is nothing more than requiring people to work off their benefits, often at make-work jobs. Its availability as an option encourages states to maximize their own dollar savings rather than maximizing the human potential of those who could be doing much more productive work.

At the very least, CWEP should be modified to ensure that it truly provides work experience that will lead to an unsubsidized job. Work experience should be part of a planned individualized program. It should be used to enhance a person's skills, work history or otherwise improve his or her chances to move on to a real job. Currently, such workfare placements can be of unlimited duration and need not do anything to improve the worker's employability.

In our interviews, none of those who had participated in a CWEP program said it helped them get an unsubsidized job. In fact, they said it made it harder because it took up time they could have spent in training or conducting a job search.

Whether in CWEP or in other work activities, the Coalition believes that fairness demands that AFDC recipients be paid on the same scale as regular employees. Not to do so would create a second-class workforce and provide an incentive to displace regular workers, merely adding to the number of families in poverty. As written, S. 1511 allows employers to pay lower wages to AFDC recipients. It also drops non-displacement language in the current CWEP statute, fails to provide a mechanism to resolve displacement disputes, and inadequately addresses displacement that occurs in cases of attrition as distinguished from lay-offs.

The nine months of transitional child care assistance provided for in S. 1511 is a significant improvement for those leaving the AFDC rolls. However, the Medicaid transition could result in certain families receiving less coverage than they do now. Even though the bill allows states the option of adding five months to the current four months of transitional Medicaid, its requirement that they pay a premium will undoubtedly cause some to drop out. But even more problematic is the provision that bars transitional health and child care assistance for any family that has ever been cited for any form of non-compliance. We believe this is highly discriminatory. If they are in good standing at the time they leave AFDC, one can assume either that the non-compliance did not actually occur as charged or that it has been corrected to the state's satisfaction. We believe that all who leave AFDC is good standing should be eligible for the same transitional services.

Finally, I would like to say that whatever welfare-employment program is finally enacted in the current round of "welfare reform," it will add a great strain to a system that is already overwrought with regulatory burdens and bureaucracy. In our interviews, we learned that people who apply for AFDC and food stamps go through a tremendously complex, time-consuming, demeaning process in order to establish and maintain eligibility for assistance that, in their words, "never lasts the month." Much of the current process seems needless or makes no sense.

New mandates and programs will add new burdens to the system and to families. I hope this committee will make certain that new requirements help and not hinder families at the receiving end of welfare reform. At the very least, participants must be guaranteed the right to a fair hearing in case of disputes. In no instance, should children be denied assistance because a parent or caretaker fails to do what is required by the state.

I hope that the entire committee will take this responsibility seriously. While providing some improvements, we believe that S. 1511 requires considerable thought and re-working. This is the opinion of many organizations that care greatly about children and the poor. Mr. Chairman, I hope that you carry all of our concerns with you into mark-up.

Statement on Senate Bill 1511

As scholars who are professionally concerned with issues of poverty and social welfare, we want to express our strong opposition to several features of Senate Bill 1511, introduced by Senator Moynihan. We agree with Senator Moynihan that the current AFDC system needs to be reformed, and we recognize the political and economic constraints that have influenced this particular bill. However, it is our view that the current bill cannot be considered welfare reform until and unless four major problems with the proposed legislation are addressed:

1. The bill fails to establish standards for the job training programs that states are required to provide for welfare recipients. Since the legislation makes participation in such training programs mandatory for large numbers of AFDC recipients, it is critical that such programs meet certain standards. There is already ample evidence that when states provide only low cost, "job-search" programs instead of real training, welfare recipients who move into jobs are able to improve their income above the level of AFDC support by only token amounts. This means that they are likely to return to welfare when subsidized childcare and medical insurance are withdrawn.

It is also the case that when training programs are mandatory and of poor quality, they can degenerate into administrative devices for arbitrarily cutting welfare costs. Failure of recipients to participate becomes an excuse to eliminate them from the rolls, even when such participation does not provide recipients with any meaningful skills.

2. The bill fails to establish adequate standards for the childcare that states will provide to the children of recipients who move into training or employment. Moreover, the $160 per month that the bill allots for childcare is far too meager. The children of welfare recipients must receive quality childcare since it can have a positive impact on their future life chances.

3. The bill allows ten states to opt out of all current regulations so that they can experiment with alternative programs and systems for delivering benefits. However, without any federal guidelines or standards, the poor living in those states would not be protected from arbitrary actions to limit their eligibility for benefits. Thousands of additional families might fall through the safety net as a result.

4. The bill leaves the inadequate existing levels of AFDC benefits unchanged even though real benefits have steadily fallen across the country, and they are now far below the poverty level. Moreover, the bill does nothing to raise the scandously low level of benefits in particular states. There is no effort to establish a national standard of adequate support.

Some of these weaknesses might leave recipients worse off than they are under current law; others simply mean that some of the glaring weaknesses in the current welfare system will remain intact. We are particularly concerned that passage of this flawed bill might postpone genuine welfare reform for many years, since it is difficult to get welfare issues on the public and Congressional agendas.

While some of us have additional criticisms of the bill, the central problem is the one posed by Senator Moynihan when he first introduced the legislation:

"Children are now the poorest group of citizens in the Nation. In 1985, one in four children was born in poverty and one in five children under the age of 18 lived in poverty. Counting all cash and in-kind benefits, the 1984 poverty rate for children under age 6 was 17.5 percent, compared to 2.6 percent for persons over age 65. What sort of society have we, Mr. President, when the very young are nearly seven times as likely to be poor as the aged ?"

But despite these proclamations, the proposed legislation continues to fail poor children. We can and must do better.

SIGNERS

(institutions for indentification only)

Fred Block, Associate Professor of Sociology, University of Pennsylvania

Frank F. Furstenberg, Jr., Professor of Sociology, University of Pennsylvania

Herbert Gans, Robert S. Lynd Professor of Sociology, Columbia University

Mitchell Ginsberg, Former Commissioner of Human Resources Administration, New York City

Michael Harrington, Professor of Political Science, Queens College

Bennett Harrison, Professor of Political Economy and Planning, Massachusetts Institute of Technology

Irving Howe, Distinguished Professor, Graduate Center, City University of New York

Hubert Jones, Dean, Boston University School of Social Work

Ira Katznelson, Professor of Political Science, Graduate Faculty, New School for Social Research

S.M. Miller, Professor of Sociology, Boston University

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Bernard Schiffman, Executive Director, Community Council of Greater New York

Alvin Schorr, Professor, School of Applied Social Science, Case Western Reserve

Eunice Shatz, Executive Director, Council on Social Work Education

TESTIMONY OF
THE HONORABLE MARGE ROUKEMA

Mr. Chairman, distinguished Members of the Committee, it is an honor for me to be present today and discuss with you crucial welfare reform legislation. I commend the Chairman for his continued commitment and willingness to tackle this fundamental issue.

Welfare reform is long overdue. Over the years a culture of poverty and a cycle of dependency have developed.
For too long now we have ignored the need to invest wisely in our people. The increasing numbers of children born out-of-wedlock, the large proportion of our adults who lack the literacy skills necessary to perform the most basic jobs, and the increase in substance abuse, all demand that action must be taken and must be taken promptly, efficiently and effectively.

Originally welfare and the AFDC program were designed to help widows and others who were temporarily unable to support themselves. Over the course of time, the design has changed and our society has come, often times, to rely too heavily on welfare.

Dramatic changes in workforce patterns have emerged as a consequence of social and economic upheavals. In large measure these fundamental socio-economic forces are driving the welfare reform movement. In addition, there is a growing awareness that we as a society have not provided the kinds of education and training which are relevant to today's economy.

As the number of two-worker families increases, the key to welfare reform is to maintain a balance between adequate welfare benefits and strong incentives to work. If benefits are not adequate we may have children and families without enough to live on. If benefits are too generous, however, there is a strong disincentive for the low-income working families. These are just a few of the difficult questions we must consider now that welfare reform comes before the U.S. Congress.

As much as I would like to see welfare reform enacted this session I am not convinced that Congress has embarked on the appropriate manner to do so. As you know, the Democratic version of welfare reform has been included in the reconciliation package, scheduled to come to the floor for consideration tomorrow. I was one of several members who signed onto a letter drafted by Mr. Michel, the House Republican Leader, to the Speaker of the House, Mr. Wright voicing strong objections to the use of reconciliation as the vehicle for welfare reform.

Numerous considerations prompted our request. First, reconciliation is a means whereby we are directed to achieve budget savings. H.R. 1720, the Family Welfare Reform Act of 1987, would require at least $5.3 billion dollars in spending over the next five years while Senator Moynihan's plan, at a somewhat lesser amount, would spend $2.3 billion over the next five years. This action would result in a dual message to the people of the United States, on the one hand cutting vital programs to reach a budget target, while on the other hand approving legislation that would, by a conservative measure, cost $5.9 billion dollars in the next five years.

Secondly, welfare reform is too vital an issue to the American public to be included in an omnibus legislative package. Welfare reform, which has been deliberated for months by numerous different Committees, deserves to be brought to the floor on its own merits and not held hostage to the extraneous consideration which very possibly may delay adoption of this crucial piece of legislation.

Because of the controversial nature of the inclusion of welfare reform within reconciliation and the inherent dissent surrounding welfare, there exists the possibility that welfare reform may not be enacted this session. This would be a grave mistake, but an even more serious mistake would be to throw away a provision that by its very nature is bipartisan and included within both the House Democratic and Republican welfare reform legislation and Senator Moynihan's welfare reform.

My bill, H.R. 1604, the Child Support Enforcement Improvement Act of 1987, is that piece of legislation. Your distinguished colleague, Minority Leader, Robert Dole of Kansas, is the prime sponsor of this important piece of legislation. This bill has obtained a consensus in an area beset by contention. To have reached such a position, is a step so measurable it cannot now be overlooked because of political rhetoric. If welfare reform is not considered this year, it would be a tragic mistake not to consider H.R. 1604, the Child Support Enforcement Improvement Act of 1987. This bill, having achieved support on both sides of the aisle, is a welfare prevention measure. As such, it is not only a cost saving measure, but more importantly, directly affects the lives of at least 5 million women who hold legally-binding child support orders and depend on these payments as their only means to resist the welfare rolls.

The temptation will be there to hold hostage the child support component for broader comprehensive welfare reform.

It will be regrettable....if not tragic...if we fail to seize the moment. A bi-partisan consensus is close. But...its absence today does not in any way diminish the dramatic need for new child support enforcement reforms.

Recent statistics show that of the 5 million women holding legally-binding child support orders only half collect the full amount their family is legally due. The rest get little, or in most cases, nothing at all. To prevent family after family from falling onto the welfare rolls, it is imperative that the child support enforcement be passed. At a time when Congress is taking serious look at genuine welfare reform, a WELFARE PREVENTION measure such as my H.R. 1604 should be a starting point.

Experience has shown that the present system hampers state enforcement authorities by not giving the tools they need to do their job. To close the loopholes, I have introduced corrective legislation that would require that: 1) mandatory wage withholding begin the moment a court order is issued; 2) state-established guidelines be used by the courts when determining child support awards; 3) orders be reviewed and updated by the states every two years; 4) states to disclose essential enforcement information; and 5) increased penalties for states that do not comply with federal law.

***WHY DO WE NEED MANDATORY, IMMEDIATE WAGE WITHHOLDING? The current law's 30-day delinquency "grace period" frequently is stretched into months, if not years, by lengthy appeals. This is months, not days, that a child is denied the basic necessities of life.

***WHY DO WE NEED BINDING, STATE-ESTABLISHED SUPPORT GUIDELINES? To bring uniformity, and therefore fairness, to the child support system. Binding guidelines will prevent two judges in the same courthouse from issuing widely-varying support orders in similar, if not identical cases.

***WHY SHOULD SUPPORT ORDERS BE REVIEWED AND UPDATED EVERY TWO YEARS? Again, to inject fairness into the system. Adjusted support orders would reflect increases in the cost of living and hikes in the parent's income. For example, New Jersey recently conducted a modest pilot program, reviewing 1500 child support cases. The review increased child support payments in these cases from $2.2 million to $4.9 million, an increase of 130 percent. In addition, over 26 percent of all AFDC recipients were removed from the welfare rolls due to their higher support collection.

***WHY DO STATES NEED DIRECT ACCESS TO EMPLOYMENT SECURITY INFORMATION THROUGH THE PARENT LOCATOR SYSTEM? To enable states to track child support deadbeats as they move around the country to avoid payment.

***WHY SHOULD WE INCREASE PENALTIES ON NON-COMPLIANT STATES? Because our child support enforcement system is only as good as the efforts of the separate states. Reciprocity is the key to the system. The aggressive enforcement efforts of your state may be completely wiped out by a neighboring state that is intentionally or unintentionally serving as a "safe-haven" for deadbeats.

To repeat, if we are serious about child support enforcement and welfare reform, it is essential that we pass child support enforcement legislation and allow the states the tools they need to do the job. We cannot let this opportunity pass us by, nor should we allow a provision, which enjoys such widespread support, to be held hostage to contradictory and extraneous legislation. I urge you to look beyond the rhetoric and look instead to the cold reality of millions of single parents and their children who must continually do without.

Congress of the United States
House of Representatives
Washington, DC 20515

STATEMENT OF HONORABLE JOHN G. ROWLAND
before the
COMMITTEE ON FINANCE
of the
UNITED STATES SENATE
October 14, 1987

Senator Bentsen and Members of the Committee:

Thank you for permitting me to testify this morning on the important issue of reforming our nation's welfare system. I want to commend you for continuing to hold hearings on this matter. Clearly, your work will be of immense value as the House and Senate begin to make the final decisions as to what really constitutes "welfare reform".

Finding ways in which we can assist our nation's poorest families to become self-sufficient and leave the welfare rolls is, in my opinion, one of the most important legislative accomplishments that the 100th Congress could achieve.

To this end, I would like to state at the outset it is imperative that welfare reform be brought out to the floor as a freestanding bill and be accorded a full and fair debate. Our nation's poorest children and mothers deserve no less.

Unfortunately, it appears that the Democratic leadership in the House is greasing the way to submerge the debate over welfare reform. The talk over on the House side is that Speaker Wright wants to fold the issue into the omnibus budget reconciliation bill. The practical effect of which — in my mind at least -- is to hostage welfare reform to the Speaker's desire for new and higher taxes.

I mention this because I am well aware of Chairman Bentsen's desire to take up welfare reform on its own merits. I would like to assure the Senator from Texas that you have the full support of the House Republican Caucus in seeing that the welfare reform debate is not slighted.

As the debate continues, I would strongly urge you to consider H.R. 3200, the "AFDC Employment and Training Reorganization Act of 1987," sponsored by the Republican Leader of the House and co-sponsored as of this date by 114 Members. This bill was developed by a House Republican Task Force on Welfare Reform which was ably chaired by Congressman Hank Brown of Colorado. We believe that H.R. 3200 represents true reform of the welfare system and this view is shared by President Reagan who has endorsed the measure.

What sets H.R. 3200 apart from other so-called reform measures is that we concentrate on helping to avoid long-term dependency by welfare recipients. It is true that we do not mandate new welfare benefit increases upon state welfare agencies. Instead, every penny of the $1.4 billion which we propose to spend over the next five years will go to those programs designed to give recipients the skills to move off welfare.

Contrast this fact with the proposal written by the House Democratic leadership. Under H.R. 1720, 80% of the $5.9 billion involved will go simply towards more welfare. We can talk about the merits of these two very differing approaches. It is our opinion, however, that mandating benefit increases like AFDC-UP will make it harder -- not easier -- to break the cycle of welfare dependency.

Because we emphasize the route to self-sufficiency, the Congressional Budget Office estimates that our bill will provide for three times the level of client participation in employment and training programs than will occur under H.R. 1720. The reason for this is simple.

While the Democratic bill does not establish goals or milestones which state welfare agencies must meet, we provide for strict but reasonable "participation standards" by recipients. Under H.R. 3200, state welfare agencies will be required to phase-in client involvement in our training or employment preparation programs over a nine-year period from 15% to 70% of the non-exempt caseload. Failure by the state agency to meet these standards, or a refusal by non-exempt recipients to meet the requirements, will result in sanctions.

In addition, for those historically at risk of becoming long-term recipients — teen mothers and children over 16 — the participation standard is stricter and will require that 80% of these two groups be in school. Of course, to facilitate the participation by all recipients in the education, training or employment preparation programs, H.R. 3200 fully funds the needed support services such as day care and transportation.

We view these participation standards as being the key to any successful welfare reform plan. Without them, state agencies can avoid having to take on the tougher cases. The result will be relatively small programs serving — or actually "creaming" — those least in need, such as "volunteers".

This discredited approach is borne out by H.R. 1720. The bill provides for something called "NetWORK" — a national education, training and work program. With all due respect to its authors, "NetWORK" is actually "no work". If you read the text of the bill, it is clear that H.R. 1720 is designed to make it impossible for state welfare agencies to implement any meaningful work programs upon able-bodied recipients.

This is one reason why I suspect the House Democratic leadership is not inclined to bring H.R. 1720 to the floor for a clean vote. The bill is so bad even its supporters don't want to have to defend it in a freewheeling debate.

Regardless of this, I do believe it is still possible for common ground to be arrived at in the welfare reform debate. For instance, there are elements of Senator Moynihan's bill — S. 1511 — which mesh closely in some respects to H.R. 3200. For instance, both proposals contain the authority of state welfare agencies to conduct innovative demonstration programs. Also, both H.R. 3200 and S. 1511 provide for sound and reasonable reforms to the enforcement of child support orders.

As such, I would like to urge the Committee to build on the common ground which exists between Senator Moynihan's bill and H.R. 3200 and report out a freestanding welfare reform measure that we can all support. This, obviously, will be difficult. Many key differences need to be reconciled. For instance, we are very troubled that S. 1511 lacks the very critical aspect of participation standards.

I cannot believe, however, that it is impossible for some compromise to be reached. If we could come to terms last year with a compromise on tax reform then we should be able to do the same this year with welfare reform. Obviously, the 114 co-sponsors of the "AFDC Employment and Training Reorganization Act of 1987" have our own ideas as to what constitutes true reform. I do not believe, however, that Bob Michel and my leadership would be adverse to discussing the matter further.

Thank you again for allowing me to testify. At this time I would be happy to answer any questions which you might have.

STATEMENT BY SENATOR TERRY SANFORD

ON WELFARE REFORM
S 1511

I am pleased to have this opportunity to speak in support of Senator Moynihan's proposal to reform the welfare system. He is to be commended for his good work. The attention he has given this effort has been considerable. I believe his is a very good proposal that is long overdue.

You, Mr. Chairman, are to be commended for holding these hearings, making clear your plans to move welfare reform forward during this Congress.

The current welfare system does not work as well as it should. For so many on welfare today, it is degrading, causing a deterioration of the human spirit, because it destroys the sense of purpose and meaning of life and living. It is not in the nature of the human spirit to be satisfied with living on the dole. We can no longer lock people into a welfare way of life that destroys the sense of purpose and meaning of life and living. Instead of a welfare check, it is far better that we take by the hand those who have not been able to cope with the system, counsel and advise and lead them through additional training and education, finding them some useful work, getting them situated where they give something to society by using their minds and hands, and where they get something from society in pay for work done and satisfaction for a life well spent.

I am not so much worried by welfare cheaters as I am by the lack of vision that has cheated the taxpayers out of their money and cheated welfare recipients out of their lives.

We need a new approach that says people are more important than programs, that opportunity and a chance in life are more important than being on the dole. It is time to bring the welfare era to an end. It is time to give people, all people, their place in the American promise. Education, training, and jobs is the course on which we should set our nation.

I began by saying welfare reform is long overdue. To dramatize this, I should point out that what I have said here was taken from a speech I made in 1975. We were overdue for reform then. It is even more important now.

Senator Moynihan's bill, S 1511, offers real reform. It emphasizes education, training, and jobs as well as necessary support services, like child care. It is a good bill and I have only a few suggestions that I think will make it even better.

S 1511 places more importance on education than has been the case in the past. Education has got to be a fundamental part of welfare reform - of getting welfare parents into good jobs. S 1511 requires that welfare parents return to school if they are 22-years-old or younger and have not earned a high school diploma. I would like to see this requirement extended to individuals beyond age 22. The opportunities are so much greater for someone who has graduated from high school or who has earned its equivalent.

This ought to be the first step toward moving from welfare into employment.

S 1511 does allow a limited number of demonstration projects under Title VI. I would like to see that number increased at both the state and local level. Much of today's innovation is developed at the state and local level.

In North Carolina we have communities eager to participate in welfare reform - communities eager to make our welfare system work as it should, to get welfare parents into the work force. And much of the interest involves child care.

In 1982 the Charlotte, North Carolina business community formed a partnership with Mecklenburg County to provide child care for the children of welfare mothers who wanted to work. $600,000 was raised, $300,000 from the county and $300,000 from the private sector, to begin a day care recycling program that would allow welfare mothers the opportunity to work. This approach would allow the welfare mother to recycle into child care services a portion of her welfare benefit which she would no longer receive if she were employed. The jobs were available, welfare mothers were eager to fill them, and employers were eager to hire them. For most of these women with small children, only access to child care has stood in the way. Because the Department of Health and Human Services has been reluctant to grant Mecklenburg County a waiver to divert a portion of the basic AFDC benefit into child care when a welfare mother accepts employment, that community is still without its recycling program. The $600,000 start-up money is drawing interest in the bank.

In Guilford County, North Carolina, there is interest in creating a quality child care program similar to Head Start. We know Head Start works. We know that graduates of the Head Start program are less likely to drop out of school and more likely to graduate from high school and even continue beyond high school. We know that Head Start graduates are more likely to become employed and less likely to end up on public assistance. We know this and have for a long time, yet the Head Start program serves less than 20 percent of those eligible. There is interest in Guilford County to do something about this.

I think state and local demonstration projects are very important in shaping the future of our welfare system, and I hope this bill, coming out of this committee, will reflect that.

I thank you for this opportunity to testify today. I am proud to be a co-sponsor of S 1511, and want to assure you that I am anxious to see welfare reform approved during this 100th Session of Congress. I look forward to working with you toward this end.

TESTIMONY PRESENTED BY

Linda A. Wilcox
Director, Division of Welfare Employment
Maine Department of Human Services

SUMMARY

The following comments are based on five and a half years of operating a WIN Demonstration in Maine and our recent experience with child support enforcement.

We strongly endorse the provisions of the Family Security Act for (1) a wide range of training and education services, (2) assessment, case management and contracting, (3) child care and other support services, (4) targeting services to more disadvantaged clients, (5) transitional child care and medical assistance, and (6) child support enforcement.

To be effective, however, the Act must be strengthened in the following ways:

- Reimbursement of comprehensive assessment, participant-agency contracting, and case management should be increased to ninety percent.
- Child care reimbursements should reflect what the labor market demands.
- The requirement that teen parents return to school should be imposed only if states provide alternative education programs.
- Transitional child care and medical assistance should not be limited to nine months in any three-year period.
- The proposed funding level should be increased for states that do not have strong, state-funded work programs.

Chairman Bentsen, members of the Senate Finance Committee, my name is Linda Wilcox. I am director of the Division of Welfare Employment in the Maine Department of Human Services. We have been running a WIN Demonstration for AFDC recipients in Maine since 1982. In many significant respects our Welfare Employment, Education and Training or WEET program closely resembles the Family Security Act's JOBS program.

We applaud the Committee for having drafted legislation that substantially changes the fundamental purpose of public assistance from providing limited income maintenance to providing comprehensive support for achieving family independence.

From our experience, we strongly endorse the following provisions in the bill:

- The wide range of education and training services;
- The support for assessment, contracting and case management;
- The funding for child care and other support services;
- The targeting of these services to our most disadvantaged clients;
- The continuation of child care and medical assistance after employment begins;
- Policies for automatic income withholding and paternity establishment.

FEDERAL MATCHING RATES

A ninety percent rate has been established for the operation and administration of the JOBS program with the exception of the following activities: initial participant assessments, case management services and developing and administering agency-participant contracts. These activities are to be reimbursed at a rate of fifty percent.

We fully understand the reason for encouraging states to invest in substantive education, training and job search activities in an effort to help participants break the cycle of poverty and dependency. However, the five and a half years we have spent providing professional, individualized case management services to Maine's AFDC recipients has convinced us that this is the most crucial service we have to offer.

The availability of education and training programs and the provision of financial support for child care and transportation, while necessary, are not sufficient for many welfare recipients. Participant needs must be identified and matched to existing programs, entry into these programs must often be negotiated, and counseling must be available to deal with the personal crises that characterize the lives of low-income single parents. Feelings of victimization, fear of failure, and lack of self-confidence make risk-taking very difficult. The case manager provides the encouragement, support and confidence-building that so many welfare recipients need if they are to succeed in breaking out of the dependency cycle.

The foundation of our WIN Demonstration is its case management system. Each participant is assigned an employment counselor who works closely with the participant through initial assessment, career exploration, plan development, training and job placement. The counselor and the participant also develop a contract clearly stating the responsibilities of each. This relationship provides service delivery continuity and, most importantly, the establishment of trust and cooperation between the participant and the counselor. The following example illustrates how effective and how essential good case management is:

April Smith was a client of the Division of Welfare Employment in Aroostook County. She had been on AFDC for four years after having been abandoned by her husband. She and her twelve year old son were living in a trailer eight miles from town. She had no car. She had been required to work register but had received no assistance since she was initially assessed as having too many barriers. She was assigned a new case manager who fully recognized her problems but also saw her strengths. She had graduated from high school, was very good in math and had worked for several months as a bookkeeper before her son was born.

However, at her first appointment, she was despondent and was hesitant to even talk about the possibility of going to work. Neither she nor anyone around her believed she could change her situation. Her case manager listened to each of her reasons for not being able to work and then developed a plan for overcoming each one of them. First, she suffered from seizures and had been told by her doctor that they were caused by her being overweight. Her case manager recommended she get a neurological exam to determine their cause. It took three appointments over three months before Ms. Smith took this first step. The test confirmed her seizures were due to brain damage from a childhood fall and that they were not severe enough to keep her from working.

Housing was the next problem to overcome. Since she heated her trailer with wood, she needed to be home to stoke the fire. Her case manager referred her to the low income energy assistance program where she obtained help in buying heating oil.

The next hurdle was parenting problems. Since Ms. Smith was reluctant to leave her son alone, the next three appointments were spent counseling her on ways to help her son become more independent.

Finally, she was ready to start talking about possible jobs and ways to prepare for them. She agreed to attend a Displaced Homemakers Project prevocation training on confidence-building and career decision-making. Transportation with another workshop participant was arranged for the 50 mile round trip. Ms. Smith missed only one day of the eight-week session.

Her case manager arranged an on-site training position for Ms. Smith in the local Job Service office as a transition back into the labor market. It was an ideal opportunity for her to learn about job openings. She spent three months at Job Service and then found a bookkeeping job in a store in her hometown. She is now happily working full-time and is no longer receiving AFDC.

This multi-step process from initial contact to employment took a full nine months. Each step was preceded by the development of a signed agreement specifying what Ms. Smith would do and what her case manager would do to accomplish the task.

I think it's highly unlikely that Ms. Smith would have left AFDC before her son turned eighteen if this kind of carefully structured case management had not been available to her.

Three out of four of the groups the Act specifically targets -- long-term recipients, welfare repeaters, and teen parents who have dropped out of school -- are especially in need of these assessment, case management, and contracting services.

We strongly recommend that Congress encourage states to provide these professional services by matching their costs at the rate of ninety percent.

CHILD CARE

There is universal agreement that the major barrier preventing mothers, from working is the lack of adequate, affordable child care. While we are pleased to see this need addressed in the Family Security Act, the $160 a month limit on the federal government's contribution does not approach the going market rate for child care.

In Maine today full-time care costs an average of $286 a month. In Portland, the going rate is as high as $355. We urge the Committee to consider increasing the child care reimbursement to a more realistic level. It is unlikely that many women with children between three and six will be able to benefit from JOBS services if states cannot pay what the child care market demands.

TEEN PARENT PROVISIONS

We understand the rationale behind requiring high school dropouts to return to school since this population is at risk of long-term welfare dependency. We firmly believe that a basic education is a pre-requisite to economic independence. However, requiring teen parents to return to conventional classrooms is likely to be counterproductive because frequently they have not functioned well in this setting and have very negative attitudes toward school and academic learning. Contrary to popular belief, half of Maine's teen mothers drop out of school before becoming pregnant. Nationally, sixty percent of females leave school for academic and personal reasons not associated with pregnancy or marriage. Yet few schools in Maine are equipped to provide alternative education to teen parents. Of the 179 school systems in Maine, only 25 operate alternative education programs.

We recommend that the Act include language requiring states to provide alternative education programs designed specifically for high-risk female students and teen mothers, if they are to be required to return to school.

Further, the requirement that teen parents live at home in order to receive public assistance should be carefully considered. A destructive relationship often exists between minor parents and their own parents. If this provision is retained, the state should be assigned the responsibility for assuring that the parents' home is a safe environment. The teen parent should not have the burden of proving that it is destructive.

TRANSITIONAL ASSISTANCE

We believe that one of the most crucial elements of this legislation is the nine-month extention of financial support for child care and health care when a JOBS participant goes to work. A follow-up survey of WEET participants who got jobs found that one-third of them were no longer working. The major reasons cited were problems with child care, ill health, lay offs, and insufficient income.

The average wage earned by WEET participants entering the labor market is $4.52 an hour. Only forty percent of the full-time jobs have health benefits. Because of the complexities of welfare system regulations, WEET participants may end up with less income when they go to work than if they were to stay on welfare. The strongest work disincentives exist for recipients who get jobs just above the minimum wage. They earn just enough to make them ineligible for AFDC and Medicaid but may not make enough to cover the costs of going to work and caring for their families. Providing child care and medical assistance for up to nine months after participants begin work could greatly increase the chances of their making a successful transition from welfare. Providing this support for up to one year would further increase their chances.

We also encourage not limiting this support to a total of nine months in any three-year period. From our experience, a significant proportion of welfare mothers will fail their first work attempt. We should encourage them to build on what they have learned and try again. One important way of doing this is to provide a reasonable period of transitional support.

CHILD SUPPORT ENFORCEMENT

We strongly endorse the principle embodied in this legislation that absent fathers be held responsible for supporting their children. For far too long the burden and stigma of single parenting has fallen on the mother. The provisions for automatic income withholding and paternity establishment build on existing national standards to insure that all absent parents are treated consistently and equitably across the country.

This provision will greatly assist agencies to enforce their child support orders both across and within individual state jurisdictions. However, because it is not unusual for a state agency to have no information about where an absent parent works, much less how much he makes, we recommend further that parties to a court, or administrative action establishing a support order provide the following information: social security numbers, dates of birth, names and addresses of employers, income, assets, etc. This information must be available for states to implement the two-year review of support awards required by the Act.

FUNDING

While we recognize and appreciate the fiscal constraints under which Congress is currently operating, we also know that the funds proposed to implement the Act are insufficient, particularly for states that have not established strong, state-funded work programs.

Both Massachusetts and California have faced up to the costs of implementing comprehensive welfare reform. California expects to spend $335 million annually on its work program, GAIN; nearly two and a half times the $140 million being proposed for the first tier of JOBS program funding nationwide. The Massachusetts ET budget totals nearly $90 million this year.

Welfare-to-work programs are cost-effective but the potential benefits to the families currently living in poverty and to the public at large will not be realized in many states until the federal government assumes its full share of the responsibility for funding, as well as designing, comprehensive solutions to the complex problem of dependency.

COMMUNICATIONS

STATEMENT BY SENATOR ADAMS ON S. 1511

Mr. Chairman, I am unfortunately unable to attend these hearings, but I do want to express my support for the efforts of Senator Moynihan on this legislation, and my admiration for the leadership ha has shown on this issue for so many years. He understood the problems with our welfare system long before those problems were appreciated by the country as a whole, and he spoke up about what he saw. Ever since, he has been in the forefront on this issue, and has now brought before the Senate and the country a proposal for reform. I am proud to join him in this effort as a co-sponsor of your bill.

We now have in this nation vast experience with attempts by the federal government to directly address the needs of our fellow citizens living in poverty. We have encountered difficulties in defining proper roles in this efforts for federal, state, and local governments. We have encountered enormous difficulty in walking the tightrope between assistance that helps people help themselves, and assistance that encourages dependency. We have watched almost dumbfounded the enormous unintended results of federal intervention on people's lives, their decisions about how to live as families, and the social fabric of their communities.

These difficulties and discoveries have been at times so overwhelming that there is a tendency to consider this overall effort a failure. I vehemently disagree. Without the assistance provided by the existing AFDC system, countless poor people, primarily women and young children, would be living in conditions much more severe than those existing now.

I am proud of the committment this country has made towards helping its poor. I think that in terms of ensuring that many poor have the very basics of human survival that our efforts have been successful. The challenge before us now can not be met by turning our backs on this committment. Instead, it must be met by reaffirming our resolve, examining the history of our efforts so far, and designing ways to do a better job.

I believe that the bill introduced by Senator Moynihan meets this challenge head-on. This bill recognizes that federal assistance has too often encouraged dependence by requiring states to enhance efforts to provide education, job-training, and job placement services to welfare recipients. It recognizes that federal assistance has too often encouraged families to break up by changing many of these policies, and setting up greatly enhanced child-support enforcement. It recognizes that the successful transition to independence requires not just cash assistance, but access to a broad range of support services by temporarily extending child-care and medical benefits once a family gets off of welfare.

I would also again like to express my pleasure that this bill authorizes a demonstration project for Washington state to run its innovative Family Independence Program as a substitute for the Federal welfare system. The Family Independence Program is a creative, compassionate attempt to better the lives of people, especially children, living in poverty.

One of the strong features of Washington state's plan is that it ensures that welfare recipients will continue to receive at least the same amount of benefits that they have in the past, and that all legal rights they currently have in respect to those benefits remain protected. Fears have been expressed that increased state involvement in managing welfare programs will result in neglect and reduced services. I believe that this Washington state plan puts those fears to rest, and should serve as a model of responsible state welfare management.

I am proud that Washington State has played a leadership role in this issue of welfare reform; and I am pleased that Senator Moynihan has included a demonstration program authorizing the state to implement this exciting new program in his bill.

Finally, I look forward to a chance to study the comments of the distinguished witnesses that will appear before this panel, and hope they will give us guidance as to how this legislation can be made even better. I am particularly interested in suggestions that will ensure that this new bill is "user-friendly", and accomplish its worthy goals.

Thank you.

Brock Adams

SUMMARY OF TESTIMONY BY GOVERNOR HENRY BELLMON, OKLAHOMA, AT SENATE FINANCE COMMITTEE HEARING ON WELFARE REFORM LEGISLATION, OCTOBER 14, 1987

In prepared testimony delivered to the Senate Finance Committee, Governor Henry Bellmon of Oklahoma endorsed S. 1511, the bill introduced by Senator Daniel Patrick Moynihan, with 54 co-sponsors. Governor Bellmon stressed the following key features of S. 1511:

- Substantially increased federal funding for employment, training and education services by state and local governments for recipients of public assistance.

  Governor Bellmon said these services enable recipients of public assistance to become self supporting and to contribute to the nation's output of goods and services, rather than dependent on public assistance. Governor Bellmon stated that passage of S. 1511 would reverse the trend in recent years of reducing federal funding for employment and training services for public assistance recipients.

- Mandatory coverage by all states of two-parent households in which neither parent is disabled. Governor Bellmon said that current federal policies, which permit a state option on this issue, are "anti-family".

Governor Bellmon presented to the Committee a report on Oklahoma's Employment and Training Program for recipients of Aid to Families with Dependent Children. He told the Committee that, during the past five years, Oklahoma has placed more than 33,000 recipients in full-time jobs.

Governor Bellmon said that Oklahoma's outstanding record has been accomplished through a combination of vigorous job search, education and training support and unpaid community work experience. He stated that Oklahoma is now expanding its tools available for transitioning public assistance recipients from dependency to participation in the work force. It is initiating both work supplementation payments to private employers who hire public assistance recipients and mandatory work requirements for absent parents.

Governor Bellmon urged the Committee to persist in its efforts to enact meaningful welfare reform in 1987.

TESTIMONY BY GOVERNOR HENRY BELLMON, OKLAHOMA,
AT WELFARE REFORM HEARING
SENATE FINANCE COMMITTEE, U.S. SENATE

October 14, 1987

I appreciate the Committee's allowing me a few minutes to testify on a subject that has been a long-standing concern of mine. Hopefully, this Committee and the Congress as a whole will succeed this year in bringing about some fundamental improvements in our nation's efforts to help low-income families and their children.

For a long time I have been convinced Oklahoma can make an important contribution to the national debate on welfare policy. When I was Governor in the 1960's, Oklahoma had a very successful work experience program under Title V of the Social Security Act. Unfortunately, that program was terminated when the Work Incentive (WIN) legislation of 1967 was implemented.

Subsequently, under the WIN demonstration authority enacted in 1981, Oklahoma has operated a very successful job placement and Community Work Experience Program for AFDC recipients. During the last five years, these efforts have resulted in the placing of more than 33,000 AFDC recipients in productive jobs. We have succeeded in holding Oklahoma's AFDC caseload to less than 3 percent of the state's population, even though the state has undergone a deep and prolonged recession, with unemployment rates running well above the national averages.

For the nation as a whole, Mr. Chairman, roughly 4 1/2 percent of the population is on AFDC. So Oklahoma is doing substantially better than the average state in holding down its AFDC caseload, despite having a very soft economy and despite having more adequate AFDC benefits than most of our neighboring states.

A summary of the key elements in our employment and training programs for AFDC recipients is appended to this statement. Oklahoma is proud of our successful program and I believe it can be emulated in most states.

In 1978, then Minority Leader Howard Baker and I helped form a coalition of Republican and Democratic Senators who introduced a welfare reform bill, which become known as the Baker-Bellmon Bill. It was presented as an alternative to the "Better Jobs and Income Program" proposed by the Carter Administration. Our proposal at that time dealt with the same fundamental issues that the bill before you today addresses.

The nation needs reform in its public welfare programs. More adequate benefits are needed in many states. Two-parent households should not be automatically ineligible for benefits anywhere in the country. That is an anti-family policy. I'm sorry to say that Oklahoma is one of the 24 states that do not now offer two-parent coverage. I recommended in my first legislative message this year that we add two-parent coverage. Legislators felt that the financial situation of the state this past spring did not permit that to be done. I intend to press vigorously for approval in 1988.

The choice on whether to cover two-parent families, however, should not be a state decision. Given the Federal government's substantial funding of AFDC and food stamp benefits, it should become a condition of Federal assistance that all states cover two-parent households within a reasonable time. I am happy that S. 1511 would do that and I urge you to keep that provision in the bill.

Our 1978 Baker-Bellmon bill also provided for a federally-established minimum benefit level and for gradual movement to that minimum by the states which were below that level. This is another of the fundamental issues in welfare reform. I am sorry that both Houses apparently have agreed that it is not possible to make substantial progress this year on that issue. Until some action is taken on that front, states will have unacceptable variations in benefits with some states offering totally inadequate benefits.

Adequate coverage and benefits should be provided by our welfare system for those families meriting assistance. Coverage of two-parent households and establishment of a minimum benefit are the two most critical missing elements in providing an adequate benefit system.

Even more vital, however, is our effort to keep dependency on welfare to the minimum level essential for protection of the health and well-being of children. The most challenging, and I think the most hopeful, aspect of the welfare reform issue is the matter of preventing and shortening dependency. As I said before, this is being done in Oklahoma for thousands of people each year through our aggressive and effective Work and Training Programs. Other states have also been successful in such efforts, and in some cases have gone beyond us in developing imaginative work and training programs for welfare recipients. Congress and the Reagan Administration unfortunately have been moving the other way, cutting back funding for the Work Incentive Program in recent years, for example.

In our 1978 Baker-Bellmon Bill we proposed to convert much of the CETA Program as it existed at that time into a program to benefit AFDC recipients. Later that year, I succeeded in getting amendments adopted to the CETA Legislation to improve the targeting on AFDC recipients. Further targeting amendments have been adopted since then.

Unfortunately, the JTPA Program, the successor to CETA, in most states, is still not an effective resource for substantial numbers of AFDC recipients.

It is a fact of life that if states are to do a good job on behalf of AFDC recipients most of them are going to have to do that through their welfare agencies, using the staff who know the recipients best, putting employment needs on the same level as health needs, cash needs and other service needs.

I am gratified that the Moynihan Bill (S. 1511) will make a major increase in the Federal government's investment in work and training for AFDC recipients. It is vital that states be encouraged and assisted to go beyond their present efforts in this regard. Many demographers are predicting a severe labor shortage within the next 10 years. Certainly, most of the 3 million adults on AFDC can be made productive, contributing citizens rather than persons dependent for welfare benefits for the long term. Most of the 8 million children in AFDC families can become self supportive citizens. The provisions of S. 1511 will help to accomplish this.

Mr. Chairman, the Finance Committee has a golden opportunity to make substantial progress on one of our nation's most difficult public policy problems. I urge you to persist in this important undertaking and to produce a welfare reform bill this year. As one Republican Governor, I will do all I can to encourage President Reagan to sign such a bill.

OKLAHOMA'S EXPERIENCE WITH EMPLOYMENT AND TRAINING SERVICES FOR AFDC RECIPIENTS (1982-1987)

Oklahoma was one of the first states to obtain waivers under the 1981 amendments to the Work Incentive Program. Our program includes several elements:

- Administration by the Department of Human Services with cooperative agreements making available JTPA, Employment

Service and Vocational-Technical Education resources. We have made the training and employment needs of AFDC recipients a key part of every case worker's job. We also use employment and training specialists to open doors with employers, keep the rest of our staff on track and conduct job search orientations.

- An "age-of-child" waiver, under which participation in training, job search and actual work is mandatory regardless of the age of the child.
- A heavy emphasis on directed job search, but also considerable "coaching" and other help with employer contacts.
- Day care must be available before we require work or training. Oklahoma has continued to operate day care as an entitlement program, with no fixed ceiling on enrollments or expenditures.
- A community work experience option, under which we typically have something like three (3) percent of the adults in our caseload enrolled at any given time. Our CWEP placements are limited to three (3) months, with the possibility of extending for up to an additional three (3) months.
- During any quarter, 15 percent of our registrants are in educational programs.
- We are now beginning to implement the work supplementation program so that we can direct AFDC dollars to subsidies with private employers, focusing on recipients who have been on the rolls two (2) years or more.

Our results have been dramatic:

. In five and one-half (5 1/2)years, we have placed 33,500 AFDC recipients into full-time unsubsidized jobs lasting for 30 days or longer. Computed at the minimum wage level, these former recipients would have monthly earnings of nearly $20 million. We know their actual earnings today are far greater than that.

- Our data indicates that 3/4 of these persons have not returned to the AFDC rolls.
- We apply sanctions to less than 150 registants per year.
- We have kept our AFDC caseload to less than 3% of Oklahoma's population, compared to a National average of over 4.5%, despite a very depressed economy in the past five (5) years.
- We have done our best work with mothers of young children: two-thirds of our placements are of mothers with children under six (6). 40% of them involve mothers with children under three (3).
- 40% of our CWEP trainees go into permanent jobs, most of them with the public and non-profit agencies with which they are placed for training.

Oklahoma is now ready to innovate in another dimension of work and training which S. 1511 would open. That is employment and training for absent parents who can't pay child support because they are unemployed. This along with two-parent AFDC benefits could, we believe, become a major tool in our efforts to encourage family formation and fulfillment of parental obligations.

COALITION ON HUMAN NEEDS

BLOCK GRANT MONITORING PROJECT

OVERVIEW OF FINDINGS

The promise of block grants was that states, being "closer to the people," would be more responsive to their needs than the federal government. Even in the face of budget cuts, many expected that states would take advantage of block grant flexibility and do a better job in providing for a whole range of human needs. Three years of monitoring four block grants in eleven states under a Ford Foundation grant have shown that the promise has gone largely unfulfilled.

The study examined the extent to which two basic policy goals were achieved: first, the degree to which scarce resources were targeted on persons and places of greatest need; and, second, the extent to which states and local governments could be held accountable for the expenditure of federal block grant funds by involving the public in decision-making and by documenting performance.

In brief, the conclusions were --

- Many needs of the poor and other disadvantaged groups were ignored and others given relatively low priority as states tended to spread dollars and services thinly across geographic areas and population groups.
- Service mix within block grants often did not address the most pressing needs of low income populations.
- Increasingly, for-profit businesses are used as delivery agents (primarily in job training and economic development) while small, non-profit service providers, more accessible to minority and other at-risk groups, are less able to compete for block grant contracts.
- Public institutions, compared to community-based alternatives, have been protected from funding cut-backs whenever possible.
- Intended beneficiaries of programs -- often the people who best know what is needed -- are hardly ever represented on state level advisory bodies. Even among public officials and professionals on such boards, women and minorities are often under-represented compared to their presence in the general population.
- States rarely go beyond the federal law to collect performance data, evaluate programs or suggest improvements. On-site compliance reviews are often irregular, infrequent and ineffective.

Although much of this report is critical of block grants, it should not be interpreted to mean that changes cannot be made to correct disparities and increase accountability. Indeed, some states have been innovative and gone beyond the letter of the law to account for the use of federal funds. Most of them have implemented the consolidated programs responsibly. But, by and large, the monitoring project uncovered little evidence of creativity or superior management practices.

Imaginative federal leadership could also help accomplish these goals without creating meaningless, burdensome regulations and paperwork. If the findings show anything, it is that many states will not, on their own, initiate efforts to meet the nationally recognized and well documented needs of groups such as children at risk, the hardest-to-serve youth and adults, parents needing child care and lower income persons in need of low income housing.

Methodology

The Coalition selected four block grants out of the nine created or modified in 1981 in order to test the block grant concept. Two of them, education and social services, offer a high degree of discretion to states. The job training program was the most prescriptive, and community development fell in between.

Eleven states, including three of the largest in the nation, were selected to represent various regional differences. States were also selected based on the following criteria:

- high level of poverty
- large minority and high-risk populations
- presence of state coalitions and local community groups actively interested in block grant-related issues, and
- geographic distribution.

Poverty indicators were weighted very heavily because of the Coalition's emphasis on monitoring the extent to which low income populations benefit from block grants. Since minorities disproportionately occupy the ranks of the poor, their concentrations within states were heavily weighted as well. Selection was also based on an attempt to represent varying types of governance (e.g. strong executive strong legislature), state block grant legislation and administrative structures for implementing block grants. The geographic distribution of states in the study omitted representation of states in the Pacific Northwest because of an inability to identify groups with vital organizational interests in the block grant-related issues emphasized in this study. This was an important selection criterion since the project was designed to provide reseaarch data to community organizations who could use it. The sites selected represent a broad cross-section of economic conditions and special populations with substantial unmet needs.

Data collection instruments were designed for each block grant which probed for information in each of five issue areas of interest to the Coalition. They are: targeting, service mix, service delivery agents, program performance and accountability. Questions were designed to explore (1) the extent to which program benefits reached those for whom they were intended; (2) the appropriateness of the services and opportunities provided for beneficiaries; (3) the degree of involvement non-profit private service providers in implementing programs; (4) program performance and the degree to which it is evaluated; and (5) the extent to which the programs are accountable to the public.

Information collected on the instruments came from state documents, on-site interviews with state officials and follow-up telephone interviews. Once state information was collected, key indicators for each block grant were used to assess performance. Two issue areas did not easily lend themselves to such an assessment because they related more to local level functions than to state functions. These were service mix and service delivery models. A third issue area, program performance, was also difficult to assess due to the absence of uniform performance data in all of the block grants studied except the JTPA program.

Where states complied with statutory provisions for targeting, performance and accountability, but did nothing beyond what was legally required, performance was considered average. Where states increased targeting objectives, exceeded performance standards or provided more effective accountability mechanisms than required by law, their performance was considered above average. Where there was a failure to meet statutory targeting objectives, performance standards or insure minimal program accountability, state performance was considered deficient.

To go beyond state level statistics and examine the impact on communities and people, twenty local jurisdictions were explored for performance in each of the four block grants. Ten were rural and ten were urban sites. Of these, [illegible] case studies were developed in ten locations, each involving one of the four block grants. The issue areas examined in the case studies were similar to those examined for the state profiles. However, information on the service mix and service providers for programs took on greater significance in this local examination of service delivery systems. Local community groups and program beneficiaries helped to identify strengths and weaknesses in the block grants as they affected themselves and their communities.

Due to the relatively scant data required in the administration of block grants, as well as the lack of uniformity from state to state and locality to locality, much of the information collected was qualitative. Interviews were conducted with state and local program officials, service providers and representatives of community groups. State and local plans, reports, budgets, minutes and other written materials were collected over the three-year period.

It was anticipated that very different issues would be raised from one locality to another even where the same block grant was being studied. To allow each case study to unfold in its own way and to permit the special concerns of low income persons in a given community to surface, the data was collected in a way which allowed an examination of the key issue areas within the context of the singular locations where these programs were being implemented.

Because the monitoring took place over a three-year period, the information contained in this overview relates to different program years. Although individual state and local reports designate specific years no attempt was made to do so here.

Funds Rarely Targeted on Greatest Need

The monitoring project found that, with several exceptions, states did not target block grant funds on population groups and geographic areas of greatest need. They would have been able to accomplish this, depending on the block grant, through sub-state allocation formulas, eligibility criteria and/or policies prioritizing certain target groups or services.

The **Chapter II Education Block Grant** gives a great deal of discretion in the distribution of funds. Congress required only that every school district receive some money and that funds be made available to non-public schools. This in itself tends to spread the small amount of money in the block grant very thinly across the entire country. Large urban school districts which had received desegregation grants before the block grant was [illegible] basis.

Although the law authorizes states to take into account "high cost" factors such as the number of children in poverty or the sparsity of the school district in distributing funds, states by and large put very little emphasis on special needs. Most of the distribution is based purely only on the number of children in the school district, so that for example in most states rich school districts with relatively few at-risk children are treated the same as those with lower tax bases and poverty-related educational problems. [illegible]

[illegible] Selected Factors in Chapter II Education Formula ([illegible] Students Enrolled with Special Needs)

State	[illegible]	Limited English Proficiency	Handicapped	[illegible]	Other
AL	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CA				[illegible]	-
DE	[illegible]	[illegible]	[illegible]	-	[illegible]
KY	[illegible]		[illegible]	[illegible]	[illegible]
LA	[illegible]			[illegible]	[illegible]
ME	-				[illegible]
[illegible]	[illegible]	[illegible]		-	-
IL	[illegible]				
NY *	A	NA	NA	[illegible]	A
[illegible]	[illegible]			-	
TX	[illegible]	[illegible]		-	

In [illegible] local case studies, the monitoring group found only nine jurisdictions in which the school district attempted to target benefits of the block grant to students with special needs. No requirement at the federal level nor in [illegible] states [illegible] encourages local education agencies [illegible] to concentrate **Chapter II** funds in poor schools with [illegible]. No national or statewide data permits an examination of the extent to which LEAs target funds on poor schools.

[illegible] New York is one notable exception.

[illegible]

In the **Job Training Partnership Act**, the monitoring project affirmed what many national studies have concluded -- that service delivery agents (SDAs) are "creaming," serving those who can be placed in jobs most quickly at the lowest cost. Because funding of JTPA makes it possible to serve only about 5 percent of the eligible disadvantaged population and because contractors are reimbursed only after successful placements, there is a built-in incentive to serve the most job-ready.

The statute requires that 40 percent of JTPA funds be spent on youth. Most of the 11 states met or came within 10 percentage points of the target. The law also requires that AFDC and [illegible] school dropouts be served "equitably" in relation to their presence in the eligible disadvantaged population. The monitoring project found that states are failing far short of serving dropouts, who nationally make up 51 percent of the JTPA-eligible population. Indeed, many states were unable to provide estimates of what percentage of their eligible population are drop-outs.

Six states, however, met or exceeded the target for serving welfare recipients, while two of the other five failed to do so, and three did not make available the data needed to determine how well this group was served. There are several possible explanations. First, since pay or stipends are generally unavailable to persons in training or remedial education, welfare recipients are among the few who have a means of support [illegible] in the program. Secondly, if a state can place a welfare recipient in a job it can reduce future welfare costs.

Table [illegible]: Welfare Recipients and Dropouts Among the Disadvantaged Population and Terminees from JTPA Programs

	Welfare		Dropouts **	
	Disad.	Term.	Disad.	Term.
AZ	[illegible]	[illegible]	NA	[illegible]
[illegible]	[illegible]	[illegible]	NA	63
[illegible]	[illegible]	[illegible]	NA	[illegible]
[illegible]	[illegible]	NA	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MO	NA	NA	NA	NA
[illegible]	[illegible]	[illegible]	[illegible]	28
[illegible]	[illegible]	[illegible]	NA	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	7	[illegible]	NA	[illegible]

* [illegible] available for all welfare.

** [illegible] on the number of dropouts by income category [illegible] hard to compare because states differ in the way they define "dropout."

State employment programs are not effectively serving women and minorities, groups that require services designed to help them overcome their more serious barriers to employment. In Kentucky, for example, the PY'85 "entered employment" rate was 60 percent for all JTPA participants but only 46 percent for blacks and 57 percent for welfare recipients, most of whom are women. Some states, like Missouri, are unable to provide data on the presence of women and minority groups in the disadvantaged eligible population, so it is impossible to tell whether they are coming close to serving them proportionately.

Another difficulty in serving women is the unavailability of support services, especially child care, which they must have if they are to be able to participate. None of the states monitored have significantly increased support service availability, though four have attempted to moderately increase such support. Delaware, in fact, initially enacted a policy of not offering support services, although now they will be considered in certain cases. The Illinois planning objective the first year under the block grant was to spend less than the 30 percent allowed on support services and administration. (SDAs can seek a waiver of this cap from the state.) Kentucky pays training participants [illegible] less for child care ($5 day child up to $10 for up to 3 children) than it does for children in its protective services system ($8 day child).

Best Case Example: Kentucky is taking several steps to improve targeting. It has increased the frequency of reviews from quarterly to monthly, promising technical assistance to SDAs falling behind. In addition, the state has added to its target list female heads of households, handicapped persons and ex-offenders, requiring the collection of data on the characteristics of these groups. Youth competency systems have also been implemented.

Best Case Example: In Maine, where the Commissioner of Labor is a woman and [illegible] percent of the State Job Training Coordinating Council is female, programs to promote alternative employment for women have been instituted. (The need for such corrective action is borne out in a comparison of the average wage at placement: $5.[illegible] for men; $4.[illegible] for women.)

Small Cities Community Development Block Grant

[illegible]. Only six of the seven states used their discretion to increase the federal requirement that the program as a whole benefit low and moderate income residents (LMI) over three years, with at least 51 percent of all program expenditures being devoted to that purpose. Across all states examined, public infrastructure development showed a high degree of targeting to low and moderate income non-metropolitan areas.

Best Cases: The state of Louisiana has established procedures which it claims resulted in [illegible] percent of the expenditures benefiting low and moderate income groups. Fifty-one percent of program monies spent on each activity (not on the program as a whole) must benefit low income persons.

Maine has adopted a [illegible] percent benefit threshold for community revitalization downtown re-development projects which had been criticized for being of no demonstrable benefit to low income groups though numerous jurisdictions cited such benefits as the objective being met in their applications.

At the other extreme, Missouri has reduced its standard from 71 percent LMI benefit to the federal 51 percent minimum for public facilities projects. In housing rehabilitation projects, however, the state imposed a requirement that would ensure that 100 percent of the units are occupied by low or moderate income people. The state's funds devoted to housing, however, have dropped by [illegible] percent in the past few years (see next section).

Missouri also seems to exemplify the trend of states to spread their community development dollars wider and thinner among more jurisdictions in smaller amounts than [illegible] under the federal administration of the program. As in the education block grant, this practice, while politically [illegible], tends to dilute assistance to areas of greatest need and, in some cases, makes it difficult to amass the level of resources necessary to produce a significant impact. Missouri [illegible] approves grants in various categories [illegible] received from local governments. If only one application is for housing improvement, for example, and all other towns submit other types of proposals, it is possible the housing project may not be approved even if the need is exceptional.

Many states are implementing the SCCDBG program in ways that create an additional negative impact on the extent to which low income populations are served. The common practice in the small cities program (urban centers still receive "entitlement" funds from the federal government) is for state or regional planning agencies to rank community development proposals. Those with the highest ratings on various factors are then approved. Although procedures vary considerably from state to state, the [illegible] in recent years has been to place increasing emphasis on such factors as a project's ability to leverage private resources. When housing and economic development proposals compete against each other, businesses are almost always able to show [illegible] leverage. Ironically, the projects needing most are often unable to raise significant amounts from other sources.

In Kentucky, even though 42 percent of a project's evaluation is based on the city's number and percentage of persons in poverty, a high rating does not necessarily predict approval. This is especially true because the state receives and awards **SCCDBG** grants over a nine-month period, so that, there is not always an opportunity to judge a high-need project against others where less need is demonstrated.

Best Case Example: The state of Louisiana has conducted a community development needs assessment which found job creation, housing rehabilitation and water/sewer to be priorities. Allocations of **SCCDBG** funds have accordingly been directed to public facilities (58 percent), housing (28 percent) and economic development (14 percent). When implemented locally, as will be seen later, such good intentions do not always produce good results.

Next to the **Education Block Grant**, the **Title XX Social Services Block Grant** offers the most flexibility to states and localities. The federal statute requires no particular allocation mechanism, needs factors or targeting criteria.

The monitoring project found that most states do not use such factors as poverty or unemployment rates, numbers of elderly or handicapped, or health indicators in allocating social services funds. States, including the 11 monitored, tend to distribute the funds to counties or sub-state regions on the basis of population and/or the previous year's caseload. The latter often focuses entirely on child abuse and neglect cases handled by state and county employees. Although the block grant may be used to serve this purpose, the federal statute gives equal emphasis to such wide-ranging needs as [illegible] of the elderly and disabled through [illegible] care or promoting the self-sufficiency of [illegible] child care for working parents or substance [illegible] youth.

Another aspect of targeting in **Title XX** [illegible] state rules the state uses to prescribe eligibility, usually based on income. Before 1981, the federal [illegible] states provide at least 50 percent of expenditures for services for persons who were eligible for AFDC, SSI [illegible] for the aged, blind and disabled [illegible].

[illegible]

collects data on how many persons served are income eligible.) For some programs, especially child care, states have tended to lower income eligibility standards so that funds are targeted on the poorest. While perhaps serving the greatest need, this move has placed a hardship on many low income working people who are now priced out of the child care system. The monitoring project and other studies have shown an overall decline in **Title XX** child care, with some states slowly begining to commit their own resources to increase day care availability.

In the other direction, the emphasis on children's protective services mentioned above tends to dilute targeting to low income persons because these services are always provided regardless of family income. Most experts, however, believe that child protective services are usually directed mainly at poor families since they are more likely to be reported to or in some regular contact with the state social service system.

In some instances, the state has favored certain populations over others in setting income standards. Missouri restricts in-home care to individuals who are beneath 80 percent of median income, while families must be beneath 60 percent of median to receive subsidized child care. In Maine, the 9 percent of the **Social Services Block Grant** going into mental health programs provides services to people regardless of their income.

At the national level, one problem with some block grants is that dollars cannot be targeted to states and localities suffering from economic downturns. (Several block grants, such as **JTPA** take unemployment or other fluctuating needs factors into account in making state allocations. The social services and education block grants are allocated to states strictly on the basis of population and enrollment.)

Louisiana, which is among several states with growing social service needs due to recent high unemployment in the oil industry, has twice enacted 10 percent across-the-board cuts in social services. Two social service offices were closed, state personnel were laid off, and social worker travel was eliminated. Besides restricting eligibility to those whose incomes are under 58 percent of the state median, the state added the requirement that clients show that they could not receive needed services elsewhere.

Best Case Example: Some states try to help low income working families obtain child care by subsidizing part of the cost while offering it free of charge to the poorest. In Maine, for example, day care is free for a family of four whose income is less than $1,271 per month while others can pay on a sliding scale if their incomes do not exceed $1,827.

Service Priorities Don't Always Match People's Needs

One rationale for block grants was the belief that state and local governments, being closer to the people, would direct federal dollars to actual community needs. The monitoring project found this to be largely invalid if one accepts the findings of national studies which have shown, for example, that extensive remedial education is needed if disadvantaged groups are to be prepared to move into the jobs of today and tomorrow. Or that the widespread problem of homelessness is due in large part to the disappearance of low income housing. Or that the demand for day care far outstrips its availability in most American cities and towns.

The monitoring project found that all of these areas, and others of unique community need, receive relatively low priority, or at least lower than one would expect. In fact, the service mix tends to favor programs that officials might find glamorous, such as economic development, or that they would have to spend their own money on, such as computers, if they couldn't have the federal dollars. In any case, there were few indications, if any, in the study of 11 states and 20 communities that block grants are being used creatively to address local needs. Tried and true programs, the things that states have most experience with, are what they tend to spend the bulk of their federal dollars on.

Table III: Share of SCCDBG Spent on Housing
(percent)

	FY 82	FY 84
AZ	17.6	4.7
CA	77.4 [3]	57.2
DE	58.0	52.0
KY	13.0	26.0
LA	15.0 [4]	14.5
ME	24.0	26.0
MO	10.0	0.0
[illegible]	10.0	3.0
NY [5]	NA	NA
NC	61.0	51.0
TX [6]	NA	9.0

[3] FY '83

[4] This does not include housing activities funded with prior year funding commitments.

[5] The U.S. Dept. of Housing and Urban Development administers the SCCDBG.

[6] The state of Texas did not participate in the COSCAA survey for FY'82.

In the Small City Community Development Block Grant, spending for economic development -- both business development subsidies and public facilities to serve industry -- has grown dramatically. Simultaneously, expenditures for housing rehabilitation have declined.

The shift in community development funding priorities has grown each year since 1982, the first year that states administered the small cities block grant. Information on the portion of the block grant serving housing versus economic development was voluntarily provided by some of the states to the Council of State Community Affairs Agencies beginning in 1982. A comparison using 1981 data would probably reveal that the amount devoted to housing has shrunk even further since the program was administered by the federal government.

Many small cities and towns do, in fact, have a great need for economic development which will create jobs for their unemployed and underemployed populations. However, SCCDBG documentation that jobs are filled by low and moderate income persons is very weak or non-existent. California in 1985 funded expansion of a ski resort which had twice been rejected due, in part, to over-estimation of job creation. The combined full-time-equivalent of ten year-round and 72 seasonal jobs were estimated to be created, and 89 percent of them were to go to low and moderate income persons. Since most of the jobs were for ski instructors and patrollers who often are college students, some state residents questioned the benefit to local low income people.

Table IV Share of SCCDBG Spent on Economic Development and Related Public Facilities

	Most Recent Fiscal Year Econ. Dev.	FY	% Change in ED from 1982
AZ	21	84	122
CA[7]	23	84	NA
DE	0	84	0
KY	35	85	91
LA	18	85	446
ME[8]	7	85	-56
MO	33	85	41
IL	63	84	100
NY[9]	NA	--	NA
NC	29	84	342
TX[10]	89	84	NA

[7] Estimated change from 1983.

[8] The state of Maine does not separate its public facilities category into those which are general from those which support economic development activities.

[9] The U.S. Department of Housing and Urban Development administers the SCCDBG program for the state; therefore, that program was not included in this study.

[10] The state of Texas did not participate in the COSCAA survey for FY'82.

Another issue in the growth of economic development spending is the question of whether the investment would not have occurred without the subsidy. One of the goals of states is to leverage non-block grant funds. But, when 96 percent of total economic development funds in Kentucky are leveraged from other sources, one must wonder whether the 4 percent that comes from the block grant is anything more than a bonus to new and expanding businesses. The state's 27 percent leveraged in housing projects seems more in keeping with the idea of making public funds stretch further by developing partnerships.

States often use JTPA as well as economic development grants to assist business. Through contracts for on-the-job and customized training, they can subsidize the employment costs of business firms. Such contracts, since they are directly tied to jobs with the firm, also help the state meet its performance standards for placing adults and youth JTPA participants in jobs. Such training rarely includes the remedial education or skills training needed to enhance the overall emp;oyability of the participant. It is geared more to meeting the needs of the labor market and less to meeting the needs if the indiividual in this respect.

Maine, on the other hand, has worked with three businesses along the southern coastal area to develop model programs to train and place handicapped persons and AFDC recipients. Working through a non-profit community development corporation, the assistance to both the JTPA participants and the businesses is carefully designed and implemented to meet both labor market needs and the employability needs of individuals. The Targeted Job Tax Credit is used to subsidize the new employees' wages. As sound as the projects may be, the queston arises as to whether they would be possible in more economically depressed areas. The new firms (map-making, wood working and sail-making) are located in areas frequented by tourists where the unemployment rate is 2.4 percent and jobs at McDonalds pay $6.50 an hour. In the face of such a labor shortage, it is understandable that new businesses would welcome the help of the state in obtaining workers. The employers all appear personally dedicated to helping disadvantaged persons, but evidence is beginning to emerge that some of the workers have a need for intensive support services that the SDA is not equipped to provide. Also, one of the firms has lost a number of the new workers due to circumstances beyond anyone's control -- family illness, hospitalization, child care problems, etc.

While the SDA in the booming Portland area is having trouble filling its JTPA slots, the unemployment rate in other parts of the state is much higher.

The allocation of funds based on unemployment nets together with the limination of the authority for public service employment under JTPA, in contrast to the former CETA program, creates the ironic situation where an area under severe economic distress can train people but not move the jobs in which to place them. This was especially apparent in Louisiana where the unemployment rate was 14.2 percent but over one-third of the training funds went unspent for two consecutive years. Officials explained that it was useless to train people for jobs that weren't there.

State-level data to determine how much of the JTPA block grant is spent on remedial education is not always available. However, as mentioned above, high school drop-outs are greatly underserved in relation to their presence in the disadvantaged population. In Missouri, one state which kept such records, less than one percent of the block grant funds were spent on remedial education which reached only 3.8 percent of adult participants and [illegible].8 percent of the youth.

The lack of basic skills training is also an issue in the Education Block Grant. States monitored spent an average of less than eight percent for programs aimed at developing reading, writing and computation skills. The great bulk of the block grant money went into Educational Improvement and Support Services, much of which pays for computers, media centers, books and materials. Some of these expenditures supported basic skills programs, according to administrators who explained that using this category required less paperwork. The third category under which LEA's report is designated as Special Projects which would be comparable to many of the 28 pre-block grant categorical programs which were consolidated in 1981. Curricula to facilitate desegregation and non-traditional education for women are two examples. The states examined put an average of seven percent of their Chapter 2 funds into Special Projects. (See Table V.)

Educational materials purchased with the block grant are often available to all students in a school district. A case study in Gardiner, Maine, however, showed from district records that children from low income schools made far less use of a media center funded by the block grant.

The mix of services under the Title XX Social Services Block Grant vary widely from state to state, but the monitoring project found a heavy concentration of funds on children's protective

Table V: Percent of Chapter II Education Block Grant Funds Expended, by Subchapter

	Subchapter A Basic Skills	Subchapter B Materials/ Support Services	Subchapter C Special Projects
AZ	14	74	12
CA	NA	NA	NA
DE	0	100	0
KY	0	92	[illegible]
LA	5	88	7
ME	10	85	5
MO	5	88	8
IL	3	90	7
NY	16	70	14
NC	[illegible]	89	9
TX	25	69	7

1/ Information on remaining expenditures unavailable at time of writing.

services, including many, such as child care, where a significant number of recipients are also state protective cases. The recent 58 percent increase in child abuse reports nationwide may explain why all 11 states gave top priority to these services. California, for example, mandated that counties provide eight services -- six of which relate to protection, plus in-home support services and information-referral -- and made 13 others optional.

With few exceptions, block grant funding of child day care has remained steady or declined. Other services which have been reduced include transportation, legal services, recreation-socialization, and employment, housing, budget and home management counseling. The state of Texas reduced all services other than family violence programs, which were doubled. At the time of the last monitoring visit to Texas, legislation was pending to eliminate child care, family planning and community care services.

In New York, a state which puts a lot of its own money into social services, only [illegible] percent of the block grant was used for child protection. Despite eligibility restrictions, new fee scales and some service cut-backs, the state devotes 30 percent of its funds to child care which is available to working parents with incomes up to [illegible] percent of the state median. The state's second largest Title XX program is social group services for seniors.

Sometimes obvious community needs go unmet when states concentrate on using block grants to fulfill traditional, state-mandated roles. In a mountainous county of Kentucky, where few people own cars and many pay neighbors a dollar a mile to take them to the doctor or the county seat, no social services money is spent on transportation. Virtually all of the block grant funds are spent on child protective services and home care for the elderly. The only transportation connected to social services is provided when a social worker has to transport someone for placement in a treatment facility.

Best Case Examples: In Arizona, regional councils of government have conducted a social services needs assessment which covers the Social Services Block Grant, JTPA and other funding sources. In Maine, planning is done on a matrix relating various target groups to a range of possible services. The outcome was funding for nutrition programs for the elderly and others. The state also has set aside a fund for the emergency needs of social service clients.

Discrimination Under Block Grants -- Is It Growing?

The monitoring project ran into several indications of discrimination on the basis of race and sex. It is difficult to tell whether this is due to the block grant mechanism, which relies on states to enforce federal civil rights laws. Many predecessor categorical programs provided for federal compliance monitoring and required that grant recipients report the race, ethnicity, sex and age of program beneficiaries. Since states usually do not make site visits that specifically monitor for civil rights law compliance, it generally takes a complaint charge to bring discrimination to the surface.

That is what happened in Houston's JTPA program when the Gulf Coast Legal Foundation filed a formal complaint with the U.S. Department of Labor claiming that the city's Private Industry Council (PIC) underserved youth and Hispanic youth in particular since they make up a large portion of the 16-21 age group. In the 1984 program year, the PIC served only about a third of the youth it was required to serve, spending only 22.6 percent of the block grant on youth. The complaint resulted in a settlement in which the city agreed to substantially increase its efforts to enroll youth.

The legal services agency also filed a complaint which resulted in the Houston PIC agreeing to allocate 10 percent of all JTPA funds to English as a second language services for Hispanic and Asian participants. At the time of the last monitoring visit to Houston, the city was putting five percent of its funds into ESL.

A case study in Plaquemines Parish, La., uncovered charges by black residents that the JTPA program was employing white youth in its local industries while black youth were put to work cleaning cemeteries, public grounds and roads.

A case study of the SCCDBG program in Caruthersville, Mo., indicated that blacks were possibly discriminated against both in the selection of a project and the hiring done in the public facilities project that was funded. Without consulting the low income community or, according to official minutes, with the council, the former mayor decided to apply for a new water tower that would increase water pressure for businesses and residents and help lower fire insurance rates. Residents of the low income community would have preferred housing rehabilitation to address the substandard, over-crowded conditions on the east side of town.

Instead, the town got the water project. Although blacks make up nearly 30 percent of the town's population and 62 percent of those with incomes under $5,000, none of them were hired for the water project. When asked about the town's compliance with Sec.109 of the Community Development Block Grant statute, which prohibits discrimination in any program or activity funded by CDBG, the officials responded that the out-of-state contractor hired to do the work had "some" minorities on his construction crew. When pressed further about Caruthersville's compliance with Sec. [illegible] of the HUD Act of 1968 which calls for employing local residents to the greatest degree possible to work on CD-funded projects, officials said that it just was not feasible to do so in this case.

Providers Are Increasingly Public Agencies and For-Profit Businesses

The increase in private industry contracts for **JTPA** training and **SCCDBG** economic development is one indication of the greater involvement of for-profit entities under block grants. In the job training program, none of the states monitored had promulgated policies specifically designed to encourage the use of community based organizations to deliver services to underserved, hard-to-reach population groups. The selection of serivce providers remained fully at the discretion of the PICs, with the states providing only the most general, statute-based guidance in this area.

Services in the employment training program are increasingly provided also by community colleges. Delaware, in fact, authorizes its Department of Public Instruction to determine which schools will receive training contracts. Non-profit organizations there, as in other states, have been unable to achieve the high placement rates and low costs that contracts require but which are often inconsistent with the capacity to meet the needs of the at-risk groups they were founded to serve.

In Louisiana, many service delivery agents for **SCCDBG** were outside, for-profit consulting firms which handle projects from application through implementation.

State and county social service agencies continue to provide most services under the **Title XX Block Grant**. In Kentucky, they consumed 99 percent of the funds, in Illinois, 78 percent, and Maine, 75 percent. North Carolina, when faced with funding cut-backs, brought many services "in-house."

In most states, data was unavailable on the extent to which non-profit social service agencies are used or whether it has changed since 1981. Delaware's list of contractors revealed an increasing number of "for-profit" entities to deliver homemaker services.

Matching requirements have some influence on determining what type of social service providers will get contracts. Until 1981, **Title XX** required that states put up a 25 percent match to receive federal funds. When the match was eliminated at the federal level, many states stopped requiring the match from service providers. In California, monitors were told this enabled poorer community agencies in jurisdictions with conservative governing bodies to obtain service contracts.

Except for public schools, the only other delivery agents for the **Education Block Grant** were non-public schools. In Louisiana, where almost 20 percent of all students are in non-public schools, 13 percent of the 396 non-public schools did not participate in the block grant program.

Best Case Examples: Delaware's social services contracting guidelines encourage affirmative contracting with minority and women-operated organizations, proximity to the client population and community-based, non-profit providers. New York and North Carolina have enacted similar policies.

North Carolina, which still requires a 25 percent match for most service contracts, has provided a more favorable 12.5 percent match for in-home services, 10 percent for family planning and zero for child care.

Governments "Closest to the People" Often Fail to Talk to Them

One feature of many Great Society programs was the concept of "maximum feasible participation" by the people affected in designing programs, implementing them and holding them accountable. When many of the anti-poverty programs were merged into block grants in 1981, federal regulations specifying such participation were abandoned under the rationale that it would take place naturally since state and local public officials are "closer to the people." The monitoring project revealed that very few states have adopted procedures to obtain such input beyond what is still required by federal law. Furthermore, most of them have only minimal representation of affected populations on the advisory bodies that they do have.

In eight of the eleven states, no students were on the state advisory committees (SACs) for the **Chapter II Education Block Grant.** Though the Chapter 2 statute does not require that pupils themselves be members of the SACs, states sensitive to the special needs of pupils might be expected to include pupils among SAC membership. Delaware, Illinois and Texas were the only states in the study to do so.

Arizona and New York had the largest representation of parents of elementary and secondary students serving on the SAC with 21 and 10 percent respectively on the committee. Minority representation was either non-existent or far below their representation in the school-aged population. The state of Maine used its Board of Education as the required advisory committee. In most states, local administrators have the largest number of representatives, and in some, like California and Louisiana, the state legislature is heavily represented. Classroom teachers were fairly well represented in most states, along with other educational professionals.

Table VI: Representation on Chapter 2 Advisory Committees (Selected Categories)

	Total	Pupils	Parents *	Blacks	Hispanics
AZ	19	0	4	0	3
CA	23	0	2	1	2
DE	22	1	1	3	0
KY	NA	NA	NA	NA	NA
LA	24	0	3	2	0
ME	16	0	0 **	3	0
MO	23	NA	2	2	0
IL	14	1	2	1	0
NY	40	0	4	6	0
NC	18	0	0 **	3	0
TX	14	1	1	3	3

NA = Not available.
* Persons who were placed there as parent representatives.
** This does not mean there are no SAC members who are parents.

The majority of states had no representatives of the population eligible for **JTPA** services on the State Job Training Coordinating Council. Minority groups were more adequately represented on the policymaking body than on comparable bodies for the other programs in the study. Women, however, were greatly under-represented given the large portion of economically disadvantaged persons who are women and who are the subject of programs to put AFDC mothers to work using **JTPA**.

Table VII: Selected State Job Training Coordinating Council Representation (percent of membership)

	Hispanic	Black	Other Minority	Women	Inc. Elig. Population	Advocates for Inc.Elig.
AZ	24	7	3	11	0	9
CA	4	7	0	24	0	[illegible]
DE	4	4	0	23	0	0
NY	0	8	1	12	0	1
LA	1	21	0	26	0	1
ME	0	0	0	51	[illegible]	
[illegible]	NA	NA	NA	14	0	[illegible]
IL	12	27	0	15	0	
[illegible]	NA	NA	0	NA	NA	NA
NC	0	14	0	23	[illegible]	
[illegible]	16	8	0	24	0	[illegible]

States tend to use a variety of bodies to advise on the implementation of the **Social Services Block Grant**, though there exists no requirement that such bodies be established. Most of them have other responsibilities as well. For example, Arizona uses its regional councils of government; New York, a block grant advisory council; and North Carolina, its Social Services Commission. Delaware and Illinois had specific **Title XX** advisory committees. The monitoring project did not collect data on the composition of these groups.

Best Case Example: The state of Louisiana conducts annual public hearings throughout the state on its **Social Services Block Grant** plan. While such hearings are not required, they provide members of the general public, providers and their staff, and occasionally clients, an opportunity to bring their concerns before social service adminisrators. The state's now defunct welfare advisory board formerly advised the Department of Health and Human Resources on social service policy. A new advisory group for block grants which will perform that function is now being organized.

The **Small City Community Development Block Grant** does not require that there be advisory group. Only three states in the study established such a body, California, Louisiana and Maine. All states monitored complied with and passed on to subgrantees, the requirement to hold public hearings.

The extent to which public participation influenced policy was difficult to ascertain. Practices varied somewhat from state to state on such things as the frequency of meetings and hearings, time to review proposed plans, method of giving notice and availability of documentation. In general, there were few indications of real efforts to involve the public or affected groups in the determination of how block grant funds would be used. More often than not, local officials and consultants were most significantly involved with and occasioned participation by members of the general public.

Best Case Example: The State of Maine not only holds annual public hearings in three areas of the state, but it requires that localities applying for assistance: organize local citizen advisory boards or steering committees; hold a separate public hearing to review CDBG proposals for funding; provide low and moderate income persons an opportunity to comment on proposed activities; and document through hearing minutes, newsclips and copies of notices, than ample opportunity for pulic input took place.

Great Variation in Record-Keeping for Evaluation

One of the greatest changes the 1981 block grants produced was a reduction in the amount of program data required to be reported to the federal government. By and large, states have not created new data bases or evaluation tools using information beyond that now required by Washington. In fact, the lack of data and an absence of uniformity from state to state hampered the project's ability to monitor and analyze block grant implementation.

In all block grants, in all states, data available is oriented almost entirely to straight-forward reporting of dollars expended on various activities or acquisitions. The extent to which the programs furthered the purpose expressed in the statutes, such as "to improve elementary and secondary education" or "to reduce or eliminate dependency," was virtually never addressed in an evaluative manner by either states or local governments.

Most state officials felt constrained by the **Chatper II** block grant statute from requiring much reporting by LEAs. The most frequently cited reasons for this constraint were the enormous amount of discretion afforded local scholl districts in designing and evaluating their programs, and the statute's objective of reducing "budensome" paperwork. One official said that the recent technichal amendment to the federal law which requires states to certify that LEA plans meet statutory requirements may give the states a feeling of having more authority to demand more complete reports. Most of them have only asked LEAs to report the number of dollars spent on each of the three subchapters, the types of activities conducted and the methods they planned to employ in evaluating program performance. A few polled local administrators on their opinion of various aspects of the program, but the bulk of the answers were either unrevealing or self-serving.

At the local level, school administrators sometimes had a better sense, or even documentation, of the effectiveness of programs supported by the **Education Block Grant.** In New Orleans, for example, pre- and post-testing of teachers trained in computer instruction methods revealed a 95-100 percent effectiveness rating.

In the **Social Services Block Grant**, reports usually consisted of dollars spent on particular services, the numbers of persons served, and the types of of services offered. North Carolina, California and Delaware did not have service expenditure data broken down by county. Most states have continued to report the numbers of clients who receive services by reason of income level, although the federal government no longer requires such data.

Very few, however, report racial and other characteristics of beneficiaries.

Best Case Examples: Louisiana collects data on the number of women receiving social services (75 percent of all clients) and blacks (81 percent), as well as income-eligible (33 percent). This was the only one of 11 states to do so. Louisiana also keeps qualitative as well as quantitative measures of performance that can be compared to the annual services plan. Unlike some other states, **Title XX** expenditures are tracked separately from other social services. Furthermore, when standards are not met, Louisiana requires corrective action within six months.

The federal **JTPA** statute is the most prescriptive in terms of block grant performance standard documentation. States are required to report entered employment rates, average wage at placement, cost per participant who entered employment and similar data for youth and welfare recipients. Over the three year study period, states' management information systems are more routinely developing performance information by participant characteristics (i.e. by sex, race, family status, etc.) Follow-up information on successful and unsuccessful terminees is extremely hard to obtain, however. Only one state, Maine, made available data on all unsuccessful terminees and analysed the reasons why participants failed to complete the program. These data were not available by participant charactoristics. Information of this nature might be extremely useful to state program planners who seek to imporve participant retention rates. A problem encountered in Louisiana revealed that lax state follow-up monitoring even of successfully placed participants, at the SDA level allows serious problems to go undetected.

Best Case Example: The state of Maine documented the reasons for unsuccessful terminations of **JTPA** participants. The federal government will now require all states to conduct follow-up monitoring of a 25 percent sample of all JTPA terminees.

All states required annual program performance reports of activities completed and funds expended under the **Small Cities Community Development Block Grant**, even though the federal Department of Housing and Urban Development has no uniform performance reporting document that it requires states to complete. A draft form has been developed by HUD and circulated to the states. (No information was available from Texas, and New York has decided to let the federal government administer the program.) California and Maine required this information from grantees on a quarterly basis, and Delaware requires an update showing progress with each drawdown of funds.

The federal statute requires only that jobs created through economic development be "made available" to low and moderate income persons. Most states, therefore, require that applications estimate how many jobs will be LMI but do not monitor whether the jobs actually go to persons whose former incomes qualify under the standards.

In contrast, data on the income of persons occupying rehabilitated housing is more reliable and relatively easy to obtain before and after the project is completed. Since states need only ensure that 51 percent of their total block grant funds meet the LMI standard, they often try to meet it through housing, public facilities and other community projects, where benefit is easily identifiable. Missouri, for example, collected no performance data for any projects other than housing rehab. Often, documentation of low and moderate income benefit is required with the project application but not after completion.

Best Case Example: In Louisiana, state staff make pre- and post-award site visits to verify the income status of workers hired by economic development projects and the occupants of housing projects. Nevertheless, the monitoring project, in what it thought would be a model case study, uncovered wage/hour and health/safety abuses by an employer who had received both a **JTPA** contract and an **SCCDBG** loan.

CONCLUSION

"...To promote the general welfare" is one purpose accorded the federal government in the Constitution. All social policy and programs have flown from that grant of authority, guided over the years by a national vision of social needs and solutions.

The welfare that has concerned the nation has encompassed the poor, minorities, the aging population, those who are physically and mentally challenged, women, the unemployed and impoverished communities. Programs have evolved from the national government, along with the financial resources to carry them out. Then, in recent years the evolution turned into a devolution.

Devolution of major federal social responsibilities to the states is a concept rooted in the belief that geographically closer social programming means better social programming. Its adherents maintain that states are fully willing and capable of carrying out national purposes, that only states can tailor programs to local needs, and that states, because of their physical proximity, can be held more accountable to the people. Blind confidence in this home-spun concept created the block grants of the 1980's and forms the rationale for new experiments in devolution.

Such confidence is not supported by the research undertaken in this study. The uneven implementation of block grants reveals sound capabilities in some cases but striking weaknesses in others. The population groups in most need do not automatically gain the attention of state and local policy-makers. The endowment of new state and local discretion does not routinely result in the delivery of services needed locally. State and local officials have not gone out of their way to gather the ideas of the public in general or the public in need of services. There is probably less accountability for public funds today than when the federal government guided the programs examined in this study.

The findings of this study lead us to believe that the federal government must establish a vision, policies to implement it and the parameters to guide public action. Federal resources should be proportionate to the value that we, as a nation, place on any particular national purpose, be it education, job training, community development, social services or any other goal. There is no reason why administration of such funds should not take place at the state or local level. Indeed, it is here that fine-tuning can account for unique local circumstances. It is irresponsible, however, for national purposes to be carried out in the absence of strong federal guidance and oversight.

Jon C. Fleming
8750 Cordial Rd
El Cajon, CA 92021
November 03, 1987

Ms. Laura Wilcox
Hearing Administrator
U.S. Senate
Committee on Finance, Room SD-205
Dirksen Senate Office Building
Washington, D.C. 20510

I am totally against mandatory wage assignment in California and nationwide. I feel wage assignment has merit for the future when the laws are equal and fair. The laws are so unjust and unfair that there is little or no faith in our Justice system now. I call it court ordered child stealing and child abuse. There has been evidence that approximately 6% of fathers who have Joint Custody don't pay child support and approximately 70% of fathers who are denied their children don't pay child support.

I know that when I went to court I was denied my son except for every other weekend visitation and ordered to pay 50% of my salary for family support. My ex-wife worked and lived with her boyfriend. I fought and got joint custody 50% and child support reduced to 20% of my pay.

My ex-wife married the guy she was dating while we were married and bought a house. She went back to court seeking sole custody and an increase in child support. The Judge ordered a phychological evaluation and asked if we would standby (agree to) the outcome. We all agreed. The Phychologist highly recommended joint custody remain as is with 50% or it would be phychologically damaging to the child. My ex-wife said she would not abide by report and insisted on sole custody. The Judge said he didn't believe in joint custody and didn't like the fact that the state passed this law and shoves it down his throat to enforce a law he don't like. He awarded her sole custody and gave her an increase in child support. This forced me to sell my home or claim bankruptcy. I sold my home.

I requested my ex-wife to sign papers for my employer for voluntary wage assignment. She refused to do so. My ex-wife went to court and said I was behind in child support. This was done without my knowledge. I was not behind and I can prove it. The court attached my pay for mandatory court ordered wage assignment of child support plus the amount she said I was behind. I could go on about the injustice such as being denied community property because the Judge said he didn't care about any crummy property.

I feel that until a father can get a fair trial by an unbiased, impartial Judge and a right to defend himself, this wage assignment should be tabled. The whole divorce system needs to have a major overhaul first. The courts need to consider the best interest of the child first.

Sincerely,

Jon C Fleming
JON C. FLEMING
Father

WRITTEN STATEMENT OF

HOWARD E. PRUNTY
DIRECTOR OF ADVOCACY

FAMILY SERVICE OF GREATER BOSTON

AND

MEMBER AGENCY OF FAMILY SERVICE AMERICA

I am Howard E. Prunty, Director of the Center for Advocacy at Family Service of Greater Boston (FSGB), a nonprofit nonsectarian human service agency. FSGB and its predecesor organizations have provided support services to families and individuals in Boston and its 38 surrounding communities for more than 150 years.

We are a member of Family Service America, a national membership organization with 298 member agencies. It was organized in 1911 and exists to lead a voluntary movement concerned with the quality of life in North America. It is linked by three major principles:

- o To enhance the capacity of member agencies' abilities to strengthen family life.
- o To advocate for and work directly on behalf of families;
- o To act in partnership with significant institutions in society to improve family life.

Family Service America also sees as its responsibility to research and report on shifting social trends and their effects on familiy and community life.

Today, I want to express the gratitude of Family Service America and Family Service of Greater Boston for the historic and substantive contribution of Senator Moynihan with regard to families and the kind of public policies that can improve the quality of family life in America. We think the welfare reform proposal before this Committee is one of importance and represents an improvement over the present AFDC system. We do have, however, some concerns with certain provisions in the Senate legislation which we think deserve the attention of the Finance Committee and which will be addressed in this written statement for the record.

Increasingly, Americans today sense that society's most important institution, the family, is in trouble and needs attention. Such concern is not being ignored, but progress toward a solution is piecemeal and slow. There is a national consensus that something must be done to strengthen family life; however, a common approach and a coherent policy agenda that would address the root problems have not emerged.

There presently does not exist a comprehensive family policy, despite the rhetoric we hear from politicians and the administration. Yet, there are ongoing, intense, national debates on family issues, such as child care, welfare reform, family tax credits, etc. We believe that such debates are occuring in a vacuum and that they suffer from the lack of an agreed upon family policy that can serve as a substantive agenda to strengthen families: all families, irrespective of their structural form, e.g. traditional, two working parents, single parents, etc.

We agree that major revisions in the way income support programs are structured are long overdue. It is our view that a welfare system that balances the concepts of opportunity, obligations, and adequate benefit levels should be at the heart of any welfare reform effort. Instead of maintaining a system primarly concerned with income support -- a way station or a dead end -- for those in need, we would prefer a program that has at its core real employment and training options. Such a program would provide opportunities that would help people move off welfare and into self-sufficiency.

To present the specifics of our view of welfare reform as clearly as possible, I will structure my comments along the following lines:

- First, I will provide a statement of our policy on welfare;
- Second, I will discuss work, welfare, who should participate in employment/training programs, and how limited resources should be allocated;
- Third, child support;
- Fourth, jobs.

Our policy statement is as follows:

Work should be encouraged, but we oppose work requirements as a condition of eligibility for benefits.

Unemployment, underemployment, job discriminationm lack of education, training, and retraining are serious problems in our country. We support the creation of programs to correct this situation so that job opportunities will be universally available to all who are seeking them. Enrollment in such programs should be voluntary. It is the responsibility of the federal government to do this.

Our experience collectively (Family Service America) and individually (Family Service of Greater Boston) has convined us that most welare recipients long to be self-sufficient and will seize every opportunity to become so when programs are deemed to be genuine.

We think it is becoming more and more clear in the case of employment for AFDC recipients that one of the greatest barriers to even greater participation in employment training programs is the lack of child care and intensive support services. Given those supports, we believe that such programs would have more voluntary participants than the system could adequately absorb, thereby making the harsh mandatory work requirements superfluous. These are big ticket items but are absolutely essential ones if the program is to succeed. If the federal government is serious about its intentions, then the money must be allocated. Absent those allocations, this program will represent just one more time that the Congress has failed to take the steps necessary for helping families become truly independent of the welfare system.

We strongly support those provisions in the legislation that target the "long-term recipients." They are likely to be teen parents who have never worked, chronic welfare recipients, individuals who have less than sixth-grade mathematics and reading skills -- who have few marketable skills, severe language difficulties, and minorities who have experienced job discrimination. It is estimated that this group represents approximately 33% of the case load in the welfare programs of most states. We would like to see this targeting approach/concept tested through demonstration projects in several states.

What do we see as necessary in order to help those who cannot go it alone? We would like to see a program with many components that would go far beyond anything currently under consideration. We would like to see intensive, supportive services available to every enrollee.

Our experience in providing comprehensive, supportive services to out-of-school youth enrolled in two alternative educational/training programs may possibly serve as a prototype. In that project, we have endeavored to provide applicants with individualized, supportive services to help them exercise the discipline and foresight necessary to succeed. The bottom line is to provide every resource to help them find and keep a job.

The provision of quality child care is critical. It is not an option, as a lack of affordable child care necessarily results in rejection of what would otherwise be a way out of the welfare trap.

We have great concerns about the requirement that all parents with children three years of age or older must participate in some way in job training activities. We believe that no mother of a child under 16 should be required to leave her home if she believes it is not in the best interest of her children. Experience indicates, however, that when genuine training and employment programs are available, with the supportive services described, no mandatory requirement of any kind is needed. People will -- and they do now -- volunteer for such programs.

CHILD SUPPORT

We were pleased to see that child support enforcement regulations were an integral part of the proposed legislation. We believe that parents have an obligation to financially provide for their children to the maximum degree possible. If not done voluntarily, provisions should be made to collect such payment automatically.

There should be no expectation that increased collections will have an impact in reducing the welfare rolls; however, there would be an expectation that family obligations would be met.

JOBS

Providing training and supportive services to prepare people for the world of work is just one part of the two-step process. Having all these recipients, the question is: Will there be jobs available? Will the economy be expansive and strong enough to absorb these new job seekers? If not, is the federal government willing for at least a short period of time to be the employer of last resort? If the answer to these questions is in the negative, we can think of no more effective way of raising and squashing expectations.

We urge this committee to use all of its considerable influence to modify elements in the proposed legislation and to construct a program that truly encourages the attainment of self-sufficiency of families through such features as:

- Training opportunities for real jobs;
- Individually tailored/job placement plans freely chosen by the participants;
- Adequate day care on a sliding-fee scale basis, freely chosen by the parent(s).

Such a program would truly help families, rather than punish them, and it would have widespread and enthusiastic support.

The cost for such a program is significant; however, the cost of not making this investment is much greater.

Thank you for the opportunity to present these views of Family Service of Greater Boston, a member agency of Family Service America.

Supreme Court of Kansas
Kansas Judicial Center
301 W. 10th
Topeka, Kansas 66612-1507

Howard Schwartz
Judicial Administrator

(913) 296-4873

October 14, 1987

Senator Lloyd Bentsen, Chairman
U.S. Senate Committee on Finance
Room SD - 219
Dirksen Senate Office Building
Washington, D.C. 20510-6200

Dear Senator Bentsen:

It is my understanding that on October 14, 1987, your committee had a hearing relative to welfare reform which included discussion of S.B. 1511. I am taking this opportunity to comment on one provision of S.B. 1511 I believe should be deleted from the proposed legislation. The provision requires that every court-ordered child support obligation be automatically reviewed by the court every two years for possible modification. This would create a great burden for the court system and be an administrative nightmare. While I am sympathetic to the concept of insuring adequate financial support for children, I am very concerned about the practical application of such a requirement.

Fulfilling such a requirement will be an excessive burden on judicial and nonjudicial personnel and resources to the detriment of child support enforcement activities. Staff and court time now devoted to child support enforcement activities will have to be diverted to establishing and administering a system for identifying cases appropriate for the two-year review, locating and contacting the parties to secure current income information, monitoring the receipt of income information, following up on cases in which the parties do not cooperate in providing the requested information, computing the support obligation, conducting court hearings, and issuing the modified orders.

Significant strides are just now beginning to be seen in the area of child support enforcement. It would not be beneficial to families in the long run to increase the amounts of support to be paid, if the enforcement resources are not available to insure that the child support payments are actually paid. The emphasis should remain on child support enforcement activities, and modifications for support should remain a secondary concern and handled on a case by case basis.

I would urge you to speak out against this proposed requirement for automatic periodic review of all child support obligations.

Sincerely,

Howard Schwartz

Howard Schwartz
Judicial Administrator

HS:sa